

Mr Umesh Mohanan
CEO
Indel House, Changampuzha Nagar, South Kalamassery,
Ernakulam, 682033

March 05, 2026

Dear Sir/Madam,

Re: Rating Letter for INDEL MONEY LIMITED

India Ratings and Research (Ind-Ra) has rated Indel Money Limited's (IML) non-convertible debentures (NCDs) and bank loan facilities as follows:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR3,000	IND A-/Stable	Assigned
Bank loan facilities	-	-	-	INR1,000	IND A-/Stable	Assigned

*Unutilised

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,
India Ratings


Karan Gupta
Director

Annexure: Facilities Breakup

Instrument Description	Bank Name	Ratings	Outstanding/Rated Amount(INR million)
Bank loan facilities	NA	IND A-/Stable	1000.00



India Ratings Assigns Indel Money's NCDs and Bank Loan Facilities 'IND A-'; Outlook Stable

Mar 05, 2026 | INDEL MONEY LIMITED | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has rated Indel Money Limited's (IML) non-convertible debentures (NCDs) and bank loan facilities as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Non-convertible debentures*	-	-	-	INR3,000	IND A-/Stable	Assigned
Bank loan facilities	-	-	-	INR1,000	IND A-/Stable	Assigned

*Unutilised

Analytical Approach

Ind-Ra has taken a standalone view of IML while assigning the ratings.

Detailed Rationale of the Rating Action

The ratings reflect Ind-Ra's expectation of sustained growth in IML's operations over the medium term, supported by adequate internal accruals. The ratings also factor in the company's stable profitability, improved operational efficiency as demonstrated by higher assets under management (AUM) per branch of INR95 million, a strong asset quality, controlled credit costs, adequate capital buffers, and experienced promoters and management team.

The ratings further benefit from IML's expanding franchise with AUM surpassing INR30,000 million, and increasing footprints in southern geographies. The company has also demonstrated resilience by maintaining stable asset quality through periods of stress, including the COVID-19 pandemic and demonetisation.

However, the ratings are constrained by IML's limited funding profile relative to its peers.

List of Key Rating Drivers

Strengths

- Established track record of capital infusion by promoters; adequate capital buffers
- Reasonable scale of franchisee; maintained runaway growth
- Experienced promoters and management team
- Stable asset quality
- Stable profitability metrics

Weaknesses

- Diversification in funding profile along with reduction in overall cost of borrowings remains to be seen

Detailed Description of Key Rating Drivers

Established Track Record of Capital Infusion by Promoters; Adequate Capital Buffers: IML's promoters have consistently demonstrated their commitment to the company's growth by infusing equity capital at regular intervals. This approach has not only ensured timely support for expansion but also strengthened IML's overall capital position as indicated by a significant increase in the net worth to INR4,990 million in 9MFY26 (FY25: INR3,194 million; FY24: INR2,112 million; FY23: INR1,616 million). During FY24-FY25, the promoters infused INR637 million, followed by an additional INR419 million between March and September 2025 and INR500 million during January-February 2026. These infusions have reinforced IML's medium-term growth momentum and provided a foundation for scaling up operations. As of 9MFY26, IML maintains a robust capital base of INR4,990 million. On the liability side, the outstanding debt stood at INR23,452 million at 9MFYE26, translating into leverage (debt-to-tangible equity) of 4.7x (FY25: 4.4x; FY24: 4.3x). The capital risk adequacy ratio stood at 21.9% in 9MFY26, slightly higher than 20.5% in FY25 (FY24: 22.6%). Ind-Ra expects IML's leverage to remain at similar levels in the near term, with the management intending to cap leverage at 5.0x over the long term.

Reasonable Scale of Franchisee; Maintained Runaway Growth: IML has built a strong presence in the gold loan segment, with approximately 95% of its AUM concentrated in gold loans. Backed by over a decade of operational experience, the company has successfully navigated multiple business cycles, including periods of significant volatility in gold prices. Its franchise continues to grow steadily, particularly in southern India, which accounts for nearly 66% of its AUM as of 30 September 2025, while it is gradually expanding into non-southern markets.

IML's AUM grew at a CAGR of 40.35% to INR34,770 million over FY23-9MFY26 (FY25: INR23,300 million; FY24: INR15,330 million; FY23: INR10,100 million) and AUM per branch rose to INR95 million in 9MFY26 (1HFY26: INR70.49 million; FY25: INR64 million; FY24: INR53.6 million; FY23: INR46 million), reflecting increased operational efficiency. The company maintained a stable branch network of 366 branches as of 9MFY26 but plans to expand further in FY26, focusing on strengthening its presence in the core southern markets while selectively entering high-potential regions outside south. With the commencement of retail operations in 2013, IML has primarily targeted Tier-II and Tier-III cities, with operations concentrated in underserved regions across Tamil Nadu, Karnataka, Odisha, and Kerala. As of December 2025, Tamil Nadu contributed 26% to the portfolio, followed by Karnataka at 18%.

IML caters to a diverse customer base, including self-employed professionals, salaried individuals, and micro, small, and medium enterprise owners. The average ticket size is around INR 1 million, with loans ranging from INR0.02 million-1 million. Most loans have a tenure of 12 months and interest rates typically range between 12% and 24%, with an average loan-to-value (LTV) ratio of about 65%. The company employs over 2,000 personnel, including a dedicated field team of more than 200 employees responsible for lead generation, loan fulfillment, collections, and below-the-line marketing activities. This team plays a critical role in driving customer acquisition and ensuring end-to-end execution of loan disbursements.

At end-December 2025, 70% of IML's AUM consisted of own book and the balance was managed book, which included direct assignment and co-lending. IML, as a part of its strategy, aims to operate on a 70:30 model between own book and managed book, depending upon the funding and interest rate scenario.

Experienced Promoters and Management Team: The company is anchored by the chairman and managing director, who has over 30 years of experience in financial services. Each of the other senior leaders contributed more than 15 years of domain-specific expertise. IML's senior management team comprises four key personnel – chief executive officer, business head, credit head, and chief financial officer. IML's governance framework is overseen by a nine-member board, including four independent directors.

Stable Asset Quality: At 9MFYE26, IML's gross non-performing assets and net non-performing assets were 1.5% (FY25: 1.9%; FY24: 4.98%) and 1.31% (1.4%; 3.2%), respectively. Although the borrower class is vulnerable, the ultimate credit loss is limited due to the LTC capping at 75%, as per regulatory requirements, at the time of disbursements and the liquid nature of the collateral. Being in the gold loan business, IML's credit costs have always been modest and less volatile than other asset classes throughout the loan cycle, leading to better operating profitability buffers. At end-December 2025, IML's major book had an LTV of 60%-75%, leaving adequate headroom in case the company needs to opt for auctions to recover its dues.

The agency believes sustaining adequate LTV buffers, and timely auctions and recoveries will be critical for IML to maintain a stable asset quality. IML monitors LTV on the basis of daily gold prices, wherein the threshold LTV, which could trigger the company to seek additional collateral or initiate the auction process, is decided after considering the existing LTV (computed on the basis of the day's gold price) as the base and adding margins to factor in the impact on realisations due to volatility in gold prices until the auction process is completed. Once the exposure is closer to the threshold LTV, IML seeks additional collateral or starts the auction process depending on the response of the borrower, irrespective of the completion of the loan tenor, thereby mitigating the risk associated with gold price volatility over the loan tenor.

Stable Profitability Metrics: IML's profit after tax continued rising to INR759 million in 9MFY26 (FY25: INR445 million, FY24: INR395 million; FY23: INR205 million), supported by a return on AUM of 3.49% (2.39%, 3.30%, 2.2%). This performance has been aided by controlled operating expense ratio of 5.5% relative to the AUM in 9MFY24 (FY25: 7%, FY24: 8%). The yield on assets remained steady at 22% over FY24-3QFY26. Operating efficiency has been further supported by prior investments in technology, which have helped keep costs low and improve productivity. This is reflected in the increase in AUM per branch. Credit costs remained minimal at 0.003% in 9MFY26 (FY25: 0.001%), owing to the company's focus on gold loans, which carry a lower risk than unsecured loans. The agency notes that the sustainability of IML's profitability will hinge on its ability to enhance productivity, preserve margins, and maintain tight control over credit costs.

Diversification in Funding Profile along with Reduction in Overall Cost of Borrowings Remains to be Seen: NCDs represent 70% of IML's borrowing portfolio while term loans for the remainder with a weighted average cost of borrowing of around 12.30%. As of September 2025, the company had lending relationships with seven banks and 18 non-banking financial companies. IML's capital market instruments are largely subscribed by high net-worth individual investors. The agency believes increasing the share of funding from banks and the matured lending relationships with the existing lenders will be critical to contain the cost of borrowings.

Liquidity

Adequate: As per the asset and liability management statement of 31 January 2026, IML had cumulative liquidity surplus in all its buckets with a positive cumulative mismatch of 55% of the total outflows in the up to one-year maturity bucket. As on 31 January 2026, the company had cash and bank balance of INR5,530 million against the next three months' repayment obligations of INR4,500 million.

Rating Sensitivities

Positive: A positive rating action could result from significant and sustained profitable growth in the franchise, supported by the maintenance of adequate capital buffers, an improvement in the funding profile along with continued improvements in operational efficiency.

Negative: Any sharp rise in delinquency restricting capital and funding buffers, adverse regulatory developments that could impair the ability of the company to conduct its business and the leverage exceeding 6.0x on a sustained basis, could lead to a negative rating action.

Any Other Information

Not applicable

About the Company

Kerala-based IML is a Reserve Bank of India-registered non-bank financial company, which mainly provides loans against high-yielding gold jewellery particularly in tier 2 and tier 3 cities. The company had 366 branches and AUM of INR34,770 million as of December 2025.

Key Financial Indicators

Particulars	9MFY26	FY25	FY24
-------------	--------	------	------

Total assets (INR million)	30,211	18,948	12,449
Total tangible equity (INR million)	4,990	3,194	2,112
Profit after tax (INR million)	759	445	395
Tier 1 (%)	18.55	18.3	17.8
Gross non-performing asset (%)	1.5	1.7	4.9
Source : IML, Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating
Bank loan facilities	Long-term	INR1,000	IND A-/Stable
Non-convertible debenture	Long-term	INR3,000	IND A-/Stable

Bank wise Facilities Details

The details are as reported by the issuer as on (05 Mar 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	NA	Bank loan facilities	1000	IND A-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Contact

Primary Analyst

Ismail Ahmed

Senior Analyst

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

+91 22 40356187

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Deepali Panda

Associate Director

4046666828

Media Relation

Ameya Bodkhe
Marketing Manager
+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

DISCLAIMER

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.

