

IIFL Finance Limited

May 15, 2026

Rating Action

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator [^]
Proposed Perpetual Debt Instrument (PDI)	150.00	IVR AA/Stable	Rating Reaffirmed	SEBI
Proposed CPs	5000.00	IVR A1+	Rating Reaffirmed	RBI
Perpetual Debt Instrument (PDI)	500.00	IVR AA/Stable	Rating Reaffirmed	SEBI
Proposed Perpetual Debt Instrument (PDI)	200.00	IVR AA/Stable	Rating Assigned	SEBI
Total	5850.00 (Rupees Five Thousand Eight Hundred and Fifty Core Only)			

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The ratings for IIFL Finance Limited factors in the group's comfortable capitalisation levels, significant recovery in AUM growth led by revival in gold loan business, improving profitability and strengthening asset quality metrics in FY2026. The ratings continue to derive strength from the company's established franchise, experienced management team, diversified product portfolio and resource profile, along with strong liquidity supported by co-lending and direct assignment arrangements. The ratings are, however, constrained by moderate gearing levels, exposure to unsecured and microfinance segments which remain vulnerable to asset quality stress, and sensitivity of earnings to credit costs and regulatory developments.

Outlook: Stable

The outlook is 'Stable', supported by the group's established operating track record, comfortable capitalization levels, and a diversified product profile. The outlook also factors in the expected growth in AUM, which is likely to enhance scale and support earnings over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Healthy AUM growth supported by recovery in gold loan business**

IIFL Finance Limited reported strong recovery in consolidated AUM during FY26 following the removal of the RBI embargo on gold loan disbursements in September 2024. Consolidated AUM increased by around 38% YoY to Rs. 1,08,180 crore as on March 31, 2026 from Rs. 78,341 crore as on March 31, 2025, primarily driven by robust growth in the gold loan portfolio. The standalone gold loan portfolio grew sharply by nearly 150% during FY26 to Rs. 52,581 crore, supported by recovery in disbursements, improved customer acquisition, and branch expansion. The company has also received RBI approval to open 500 new gold loan branches, which is expected to further support business growth. As on March 31, 2026, the consolidated AUM mix comprised 48.6% gold loans, 29.7% home loans, 8.5% microfinance loans, 6.6% LAP, and 4.1% MSME loans, with the balance comprising construction finance, CRE, capital market, and other products. Further, around 35% of the AUM remained off-book through assignment and co-lending arrangements, reflecting the group's continued focus on an asset-light growth strategy and diversified funding profile. The growth outlook remains supported by the company's strong franchise in the gold loan segment, diversified lending portfolio, extensive distribution network, and comfortable liquidity position.

- **Comfortable capitalisation**

IIFL Finance's capitalisation profile continues to remain comfortable, supported by regular capital infusions from marquee investors such as Fairfax and CDC Group, along with steady internal accruals. On a consolidated basis, IIFL Finance's tangible net worth increased to Rs. 15,611.74 crore as on March 31, 2026 from Rs. 13,946.39 crore as on March 31, 2025, while consolidated CRAR improved to 25.30% as on March 31, 2026 (Tier I: 20.40%) against 18.80% as on March 31, 2025 (Tier I: 15.30%), supported by healthy internal accruals and capital augmentation. However, gearing increased moderately to 4.43x as on March 31, 2026 from 3.66x as on March 31, 2025 on account of debt-funded growth in AUM during the year. Comment on expectation for fy27.

Infomerics expects the capitalisation profile of the group to remain adequate over the medium term, supported by healthy internal accruals, diversified funding profile and the company's ability to raise capital, if required, to support its growth plans.

- **Long track record with diversified product and resource profile**

IIFL Finance Limited is one of India's leading diversified financial services groups with an established operating track record of over two decades in the lending business., the group offers a diversified suite of lending products including gold loans, home loans, LAP, MSME loans, microfinance, construction finance, supply chain finance, commercial real estate loans and capital market finance catering to retail, MSME and corporate borrowers.

The group has a strong pan-India presence with an extensive branch network of 4,816 branches as on March 31, 2026. The wide distribution network supports deep customer penetration, sourcing capabilities and scalability of operations across geographies.. The diversified product mix and established franchise continue to support the group's business stability and growth prospects over the medium term. IIFL Finance Limited continues to maintain a diversified resource profile with access to multiple funding avenues including bank borrowings, capital market instruments, securitisation transactions, direct assignments, co-lending arrangements and refinance facilities. The diversified liability franchise provides financial flexibility, supports timely mobilisation of funds and reduces dependence on any single borrowing source

- **Experienced promoters with strategic investors**

IIFL Finance Limited, a listed entity on BSE and NSE, is promoted by Nirmal Jain and R Venkataraman, both seasoned professionals with over three decades of experience in the banking and financial services sector. The promoters are supported by a well-established board and an experienced senior management team, providing strategic direction and operational oversight to the group's diversified lending businesses.

The company also continues to benefit from the presence of reputed domestic and global institutional investors, which supports governance standards, financial flexibility. As on March 31, 2026, the shareholding pattern comprised promoters holding 24.85%, FIIs holding 28.16%, DIIs holding 7.09% and public shareholding of 39.90%. The investor base includes reputed institutional investors such as Fairfax, Capital Group, RIMCO, Vanguard, Nomura and BlackRock among others.

Weaknesses

- **Average asset quality**

On a consolidated basis, the asset quality profile of IIFL Finance Limited improved during FY26, with GNPA and NNPA declining to 1.46% and 0.73%, respectively, as on March 31, 2026 from 2.23% and 1.05% a year earlier. The provision coverage ratio also strengthened to 58.90% from 53.03%, supported by improved collection efficiency, moderation in stress across unsecured lending segments, and calibrated portfolio growth and expected to remain stable in projected period, supported by the company's continued focus on secured lending and calibrated risk management practices.

On a standalone basis, the company reported improvement in GNPA and NNPA to 1.15% and 0.60%, respectively, as on March 31, 2026 against 1.88% and 0.69% as on March 31, 2025. Asset quality also improved across key subsidiaries, with IIFL Home Finance Limited reporting GNPA of 1.2% against 1.8% in the previous year, while IIFL Samasta Finance Limited reported GNPA improvement to 3.8% from 4.7%, aided by stabilisation in the microfinance segment and focused recovery efforts. However, exposure to unsecured and microfinance segments remains a key monitorable given their sensitivity to regulatory changes, borrower leverage levels, and broader macroeconomic conditions.

- **Earnings remain sensitive to credit costs**

After witnessing a period of weak profitability in FY25 due to elevated credit costs in the microfinance segment, higher ECL provisions, and provisioning towards AIF-linked SR exposures following the RBI's December 2023 guidelines on investments in AIFs; the consolidated profitability of IIFL Finance Limited improved significantly in FY26, driven by recovery in gold loan disbursements, better operating leverage, and moderation in asset quality stress. Consolidated PAT grew by ~214% year-on-year in FY26, while operating profit increased by ~86% during the same period driven by robust AUM expansion led by the gold loan segment, strategic shift toward secured lending, significant improvement in asset quality resulting in lower credit costs, and operating leverage supported by AI-led efficiencies, along with recovery from a subdued FY25 base. Return indicators also strengthened, with consolidated ROTA improving to 2.34% in FY26 from 0.92% in FY25 and RONW rising to 13.62% from 2.68%. Earnings trajectory is expected to remain supported by sustained growth in the secured lending portfolio and steady operating performance. Improving operating efficiencies and expected moderation in credit costs are likely to support profitability over the medium term.

However, profitability remains sensitive to credit costs, especially in the unsecured and microfinance segments, while the company's ability to sustain asset quality, collection efficiency, and margins amid rising leverage levels will remain a key monitorable.

Liquidity – Strong

IIFL Finance Limited's liquidity on a consolidated basis remains strong with a liquidity of ~Rs 6373 crore in the form of cash & cash equivalents and undrawn bank limits as on 31 March 2026 which covers debt repayments till FY27. Also, the ALM profile as on 31st March 2026 had positive cumulative mismatches across various buckets.

Rating Sensitivities:

Upward Factors

- Sustained improvement in AUM with improvement in asset quality while maintaining comfortable liquidity and capitalization levels.

Downward Factors

- Substantial deterioration in disbursements leading to decline in consolidated AUM levels.
- Substantial deterioration in the asset quality and profitability of the company from the current levels.

About the Company

IIFL Finance, along with its subsidiaries, namely IIFL Home Finance (registered as a housing finance company) and IIFL Samasta Microfinance Limited (registered as an NBFC - microfinance institution; NBFC-MFI), offers home loans, loan against property, micro, small and medium enterprise (MSME) loans, gold loans, microfinance and real estate loans.

Key Financial Indicators (Standalone):

For the year ended* / As on	(Rs. Crore)	
	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	4080.16	7467.11
PAT	(409.57)	1153.52
Tangible net worth	6500.05	7556.05
Total Assets	31811.95	49444.41
Ratios		



For the year ended* / As on	31-03-2025	31-03-2026
NIM (%)	9.34	10.38
ROTA (%)	(1.43)	2.95
Total CAR (%)	18.48	17.84
Gross NPA [Stage III] (%)	1.88	1.15
Net NPA [Stage III] (%)	0.69	0.60

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: IIFL Finance Limited

Key Financial Indicators (Consolidated):

For the year ended* / As on	(Rs. Crore)	
	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	10237.07	13373.83
PAT	578.16	1816.70
Tangible net worth	13946.00	15611.74
Total Assets	67250.20	88794.84
Ratios		
NIM (%)	10.04	9.56
ROTA (%)	0.92	2.34
Total CAR (%)	18.80	25.30
Gross NPA [Stage III] (%)	2.23	1.46
Net NPA [Stage III] (%)	1.05	0.73

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: IIFL Finance Limited

Applicable Criteria

[Rating Methodology for Financial Institutions/Non-Banking Finance companies](#)

[Policy on Default Recognition and Post - Default Curing Period](#)

[Criteria of assigning Rating Outlook](#)

[Complexity level of rated instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria on consolidation of companies](#)

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
				May 15, 2026			
1.	Perpetual Debt Instrument	Long Term	500.00	IVR AA/ Stable	IVR AA/ Stable (Dec 22, 2025) IVR AA/ Stable (Dec 10, 2025) IVR AA/ Stable (Sept 25, 2025)	-	-
2.	Proposed Commercial Paper Issue	Short Term	5000.00	IVR A1+	IVR A1+ (Dec 22, 2025) IVR A1+ (Dec 10, 2025)	-	-
3.	Proposed Perpetual Debt Instrument	Long Term	150.00	IVR AA/ Stable	IVR AA/ Stable (Dec 22, 2025)	-	-
4.	Perpetual Debt Instrument	Long Term	200.00	IVR AA/ Stable	-		

Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator [^]	Complexity Indicator
Proposed PDI	--	TBD*	TBD*	TBD*	150.00	IVR AA/Stable	Proposed to be listed	SEBI	Complex
Proposed	--	TBD*	TBD*	TBD*	5000.00	IVR A1+	Proposed to	RBI	Simple



Commercial Paper Issue							be listed		
PDI	INE 530 B08 201	30 September 2025	9.90% p.a.	Perpetual	500.00	IVR AA/Stable	Listed	SEBI	Complex
Proposed PDI	--	TBD*	TBD*	TBD*	200.00	IVR AA/Stable	Proposed to be listed	SEBI	Complex

*TBD – To Be Decided

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details (Hyperlink to be added): Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: None

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of entities being consolidated	Extent of Consolidation	Rationale for Consolidation
IIFL Finance Limited	Full	Parent Company
IIFL Home Finance Limited	Full	Subsidiary
IIFL Samasta Finance Limited	Full	Subsidiary
IIFL Fintech Private Limited	Full	Subsidiary

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI



9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

Analytical Contact

Amey Joshi

(022) 62396023

amey.joshi@infomerics.com

About Infomerics

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