

India Ratings Affirms Kosamattam Finance's Bank Loan Facilities and NCDs at 'IND A'/Stable and CP at 'IND A1'; Rates Additional Debt Instruments

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India Ratings and Research (Ind-Ra) has taken following rating actions on Kosamattam Finance Limited's (KFL) debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Commercial paper	-	-	Up to six months	INR1,000	IND A1	Affirmed
Commercial paper [^]	-	-	-	INR 500	IND A1	Assigned
Bank loan facilities	-	-	-	INR29,500	IND A/Stable	Affirmed
Non-convertible debentures*	-	-	-	INR33,662.6 (reduced from INR34,375.45)	IND A/Stable	Affirmed
Bank loan facilities	-	-	-	INR2,500	IND A/Stable	Assigned
Non-convertible debentures [^]	-	-	-	INR3,000	IND A/Stable	Assigned
Subordinated debt [^]	-	-	-	INR2,000	IND A/Stable	Assigned

*Details in annexure

[^]Yet to be issued

Analytical Approach

Ind-Ra continues to take a standalone view of KFL to arrive at the ratings.

Detailed Rationale of the Rating Action

The rating reflects Ind-Ra's expectation of continued growth in the company's operations over the medium term, driven by adequate internal accruals. The rating also reflects KFL's consistent profitability, enhanced operational efficiency evident from increased assets under management (AUM) per branch, strong asset quality, controlled credit costs, and a more diversified funding profile with an increasing share of bank borrowings.

The rating is also supported by the company's expanding franchise, with AUM surpassing INR56,000 million and a growing presence in southern geographies. Moreover, KFL has maintained stable asset quality during challenging periods such as the COVID-19 pandemic and demonetisation.

However, the ratings remain constrained by the company's geographical concentration risk.

List of Key Rating Drivers

Strengths

- Sizeable scale of franchisee; maintained runaway growth
- Stable asset quality
- Improved funding profile
- Stable profitability metrics

Weaknesses

- Expanding footprint beyond southern states amid regional concentration

Detailed Description of Key Rating Drivers

Sizeable Scale of Franchisee; Maintained Runaway Growth: KFL has established a sizeable scale in the gold loan business, backed by its over three decades of operating experience. The company has successfully navigated multiple business cycles, including periods of significant volatility in gold loan prices. Its franchise continues to expand, particularly in southern India, which accounts about 97% of its AUM as of 30 June 2025, and is making gradual inroads into non-southern markets. Its AUM remained stable at INR56.4 billion in 1QFY26 (FY25: INR56.8 billion, FY24: INR53.10 billion), with AUM per branch remaining stable at INR 57.92 (INR58.58 million, INR53.85 million) underscoring operational efficiency. KFL's capital position remains healthy, supported by a INR500 million rights issue in FY24, which helped boost its tier 1 capital ratio to 18.12% in 1QFY26 (FY25: 17.39%, FY24: 16%). The company had a leverage ratio of 5.0x in FY25. It had a steady branch network of 971 branches as of FY25, and has plans to expand in FY26, focusing on both core southern markets and select high-potential regions outside south.

Stable Asset Quality: The gross non-performing assets (GNPAs) remained rangebound 1.57% in 1QFY26 (FY25: 1.37%, FY24: 1.44%), as the company was able to auction its gold. It had displayed considerable resilience during COVID-19 disruptions. Although the borrower class is vulnerable, the ultimate credit loss

is limited due to the capping of the loan-to-value at 75%, as per regulatory requirements, at the time of disbursements and the liquid nature of the collateral. Being in the gold loan business, KFL's credit cost has always been modest and less volatile through the loan cycle, leading to better operating profit buffers. KFL maintains a risk filter, initiating a resolution as soon as an account becomes overdue, which triggers a notice to the borrower. In case of a delay in repayment, it conducts auctions. The company auctioned gold worth INR637 million from April 2024 to March 2025. KFL did not post any losses in auctions and was able to recover the entire outstanding principal and interest amount. The agency believes maintaining of adequate loan-to-value buffers, and timely auctions and recoveries will be critical for KFL to sustain its stable asset quality.

Improved Funding Profile: KFL has strengthened its banking relationships since FY21, with the number of banks and financial institutions providing funding increasing to 39 as of 31 March 2025 from 12 in 2021. The company has successfully diversified its lender base, securing funding from both public and private sector banks while increasing the percentage of bank borrowings to 49% in 1QFY26 (FY25: 47%, FY24: 50%) with NCDs and subordinated debt having 51% share (53%, 50%). This is also reflected in the cost of borrowing remaining stable at 10.6% in 1QFY26 (FY25: 10.6%). While this shift indicates improving funding diversification, a sustained and meaningful increase in bank exposure over the medium term will remain a key monitorable.

Stable Profitability Metrics: KFL has consistently delivered profitability, with profit after tax (PAT) rising to INR 1,270 million in FY25 (FY22: INR800 million), supported by a return on assets (ROA) of 2.06% (2%). PAT was INR323 million and ROA was 2.1% (annualised) in 1QFY26. This performance has been aided by a stable cost of borrowing 10.6% in 1QFY26 (FY25: 10.6%) and a controlled operating expense ratio of 3% relative to AUM. The yield on assets remained steady at 16.3% over FY24-1QFY26 (4QFY25 yield: 17.59%). 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 0.1% in 1QFY26 (FY25: 0.1%), owing to the company's focus on gold loans, which carry a lower risk.

The agency notes that the sustainability of KFL's profitability will hinge on its ability to enhance productivity, preserve margins, and maintain tight control over credit costs.

Expanding Footprint Beyond Southern States Amid Regional Concentration KFL's portfolio is concentrated in southern India, with Tamil Nadu constituting around 59% of the gold loan portfolio at end-1QFY26 (FY25: 59%, FY24: 56%). Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for around 97% of the gold loan portfolio at end-1QFY26, as against AUM of 99% from southern India in FY24. As per the company's strategy, the portfolio is likely to remain concentrated in south India over the medium term. Also, on the funding side, the funds mobilised through the NCD route remained geographically concentrated, as a major portion is being raised from Kerala.

Liquidity

Adequate As per KFL's Sep'25, asset-liability statement, the company had a matched asset-liability profile with a cumulative surplus in all-time buckets of up to one year. The average asset tenor was nine-to-12 months, and the average liability tenor was around 36 months. This, along with the highly liquid nature of gold, helps KFL maintain a matched liquidity profile.

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, broader geographical presence, continued improvements in operational efficiency while deepening the management bandwidth.

Negative: Any sharp rise in delinquency, which could restrict 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

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on KFL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click [here](#). For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click [here](#).

About the Company

Kerala-based KFL is a non-deposit taking non-banking financial company, lends money against high-yielding gold jewellery. It had around 986 branches at end-March 2025, mainly in the southern region of India.

Key Financial Indicators

Particulars	FY25	FY24
Total assets (INR million)	63,834	59,857
Total equity (INR million)	10,469	8,763
Net profit (INR million)	1,270	1,136
Return on average assets (%)	2.06	2
Equity/assets (%)	16.4	14.6
Tier 1 capital (%)	17.39	16

Source: KFL; Ind-Ra

Status of Non-Cooperation with previous rating agency

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Rating/ Outlook	Historical Rating/Outlook											
				24 September 2025	29 July 2025	17 April 2025	26 December 2024	8 October 2024	26 June 2024	26 February 2024	24 November 2023	10 August 2023	17 February 2023	23 November 2022	
Bank loan	Long-term	INR32,000	IND A/Stable	IND A/Stable	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Non-convertible debentures	Long-term	INR36662.60	IND A/Stable	IND A/Stable	IND A/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable
Commercial Paper	Short-term	INR 1500	IND A1	IND A1	IND A1										
Sub-debt	Long-term	INR 2000	IND A/Stable												

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Non-convertible debentures	Low
Subordinated debt	Moderate

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

Annexure

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCD (Unsecured)	INE403Q08134	31 January 2019	10.25	30 January 2026	INR50	IND A/Stable
NCD (Unsecured)	INE403Q08142	31 January 2019	0	30 January 2026	INR148	IND A/Stable
NCD (Unsecured)	INE403Q08159	06 May 2019	10.25	05 May 2026	INR41	IND A/Stable
NCD (Unsecured)	INE403Q08167	06 May 2019	0	05 May 2026	INR130	IND A/Stable
NCD (Unsecured)	INE403Q08175	21 August 2019	10.25	20 August 2026	INR53	IND A/Stable
NCD (Unsecured)	INE403Q08183	21 August 2019	0	20 August 2026	INR192	IND A/Stable
NCD (Secured)	INE403Q07AW5	10 December 2019	10.25	09 December 2026	INR103	IND A/Stable
NCD (Secured)	INE403Q07AX3	10 December 2019	0	09 December 2026	INR234	IND A/Stable
NCD (Secured)	INE403Q07BD3	29 May 2020	0	28 November 2025	INR84	IND A/Stable
NCD (Unsecured)	INE403Q08191	29 May 2020	10.25	28 May 2027	INR93	IND A/Stable
NCD (Unsecured)	INE403Q08209	29 May 2020	0	28 May 2027	INR180	IND A/Stable
NCD (Secured)	INE403Q07BK8	14 October 2020	10.25	13 October 2027	INR133	IND A/Stable
NCD (Secured)	INE403Q07BL6	14 October 2020	0	13 October 2027	INR181	IND A/Stable
NCD (Secured)	INE403Q07CL4*	18 April 2022	9.25	17 October 2025	INR261	WD
NCD (Secured)	INE403Q07CM2	18 April 2022	9.5	17 April 2026	INR226	IND A/Stable
NCD (Secured)	INE403Q07CN0	18 April 2022	0	17 October 2026	INR258	IND A/Stable
NCD (Secured)	INE403Q07CO8	18 April 2022	10	17 April 2027	INR1,183	IND A/Stable
NCD (Secured)	INE403Q07CP5	18 April 2022	0	17 August 2029	INR283	IND A/Stable
NCD (Secured)	INE403Q07DB3	16 January 2023	9	15 January 2026	INR337	IND A/Stable

NCD (Secured)	INE403Q07DE7	16 January 2023	0	15 April 2026	INR422	IND A/Stable
NCD (Secured)	INE403Q07DF4	16 January 2023	9.5	15 January 2027	INR1,036	IND A/Stable
NCD (Secured)	INE403Q07DC1	16 January 2023	0	15 July 2027	INR217	IND A/Stable
NCD (Secured)	INE403Q07DD9	16 January 2023	0	15 May 2030	INR194	IND A/Stable
NCD (Secured)	INE403Q07DH0*	29 April 2023	0	28 October 2025	INR122.85	WD
NCD (Secured)	INE403Q07DN8	29 April 2023	9	28 April 2026	INR169.47	IND A/Stable
NCD (Secured)	INE403Q07DM0	29 April 2023	0	28 July 2026	INR189.47	IND A/Stable
NCD (Secured)	INE403Q07DG2	29 April 2023	9.5	28 April 2027	INR560.8	IND A/Stable
NCD (Secured)	INE403Q07DI8	29 April 2023	0	28 October 2027	INR114.39	IND A/Stable
NCD (Secured)	INE403Q07DJ6	29 April 2023	0	28 August 2030	INR114.52	IND A/Stable
NCD (Secured)	INE403Q07DT5*	28 September 2023	8.75	27 September 2025	INR124	WD
NCD (Secured)	INE403Q07DP3	28 September 2023	0	27 March 2026	INR97	IND A/Stable
NCD (Secured)	INE403Q07DU3	28 September 2023	9.25	27 September 2026	INR128	IND A/Stable
NCD (Secured)	INE403Q07DQ1	28 September 2023	0	27 December 2026	INR243	IND A/Stable
NCD (Secured)	INE403Q07DV1	28 September 2023	10	27 September 2027	INR883	IND A/Stable
NCD (Secured)	INE403Q07DS7	28 September 2023	0	27 March 2028	INR143	IND A/Stable
NCD (Secured)	INE403Q07DR9	28 September 2023	0	27 January 2031	INR66	IND A/Stable
NCD (Secured)	INE403Q07EE5	18 January 2024	8.75	17 January 2026	INR126	IND A/Stable
NCD (Secured)	INE403Q07DZ2	18 January 2024	0	17 July 2026	INR86	IND A/Stable
NCD (Secured)	INE403Q07DY5	18 January 2024	9.25	17 January 2027	INR135	IND A/Stable
NCD (Secured)	INE403Q07EB1	18 January 2024	0	17 April 2027	INR107	IND A/Stable
NCD (Secured)	INE403Q07ED7	18 January 2024	10	17 January 2028	INR951	IND A/Stable
NCD (Secured)	INE403Q07EC9	18 January 2024	0	17 July 2028	INR105	IND A/Stable
NCD (Secured)	INE403Q07EA3	18 January 2024	0	17 May 2031	INR81	IND A/Stable
NCD (Secured)	INE403Q07EK2*	26 April 2024	0	25 October 2025	INR205	WD
NCD (Secured)	INE403Q07EF2	26 April 2024	8.75	25 April 2026	INR147	IND A/Stable
NCD (Secured)	INE403Q07EJ4	26 April 2024	0	25 October 2026	INR76	IND A/Stable
NCD (Secured)	INE403Q07EL0	26 April 2024	9.5	25 April 2027	INR224	IND A/Stable
NCD (Secured)	INE403Q07EI6	26 April 2024	0	25 July 2027	INR156	IND A/Stable
NCD (Secured)	INE403Q07EM8	26 April 2024	10	25 April 2028	INR869	IND A/Stable
NCD (Secured)	INE403Q07EG0	26 April 2024	0	25 October 2028	INR66	IND A/Stable
NCD (Secured)	INE403Q07EH8	26 April 2024	0	25 August 2031	INR52	IND A/Stable
NCD (Secured)	INE403Q07EN6	07 August 2024	9	6 February 2026	INR469	IND A/Stable
NCD (Secured)	INE403Q07ES5	07 August 2024	9.25	06 August 2026	INR98	IND A/Stable
NCD (Secured)	INE403Q07EQ9	07 August 2024	9.41	06 February 2027	INR79	IND A/Stable
NCD (Secured)	INE403Q07ET3	07 August 2024	10	06 August 2027	INR447	IND A/Stable
NCD (Secured)	INE403Q07ER7	07 August 2024	9.75	6 November 2027	INR40	IND A/Stable
NCD (Secured)	INE403Q07EU1	07 August 2024	10.25	06 August 2029	INR140	IND A/Stable
NCD (Secured)	INE403Q07EP1	07 August 2024	10.67	06 August 2028	INR221	IND A/Stable
NCD (Secured)	INE403Q07EO4	07 August 2024	10.41	06 August 2031	INR108	IND A/Stable
NCD (Secured)	INE403Q07EV9	16 August 2024	11	1 June 2026	INR500	IND A/Stable
NCD (Secured)	INE403Q07FA0	12 December 2024	9	11 June 2026	INR320	IND A/Stable
NCD (Secured)	INE403Q07EX5	12 December 2024	9.25	11 December 2026	INR96	IND A/Stable

NCD (Secured)	INE403Q07FD4	12 December 2024	9.41	11 June 2027	INR97	IND A/Stable
NCD (Secured)	INE403Q07EY3	12 December 2024	10	11 December 2027	INR748	IND A/Stable
NCD (Secured)	INE403Q07EW7	12 December 2024	9.75	11 March 2028	INR60	IND A/Stable
NCD (Secured)	INE403Q07EZ0	12 December 2024	10.25	11 December 2029	INR158	IND A/Stable
NCD (Secured)	INE403Q07FB8	12 December 2024	10.67	11 December 2028	INR213	IND A/Stable
NCD (Secured)	INE403Q07FC6	12 December 2024	10.41	11 December 2031	INR71	IND A/Stable
NCD (Secured)	INE403Q07FE2	1 January 2025	10	31 December 2026	INR750	IND A/Stable
NCD (Secured)	INE403Q07FN3	13 March 2025	10	12 March 2027	INR1,000	IND A/Stable
NCD (Secured)	INE403Q07FF9	15 April 2025	0	14 July 2028	INR86.41	IND A/Stable
NCD (Secured)	INE403Q07FG7	15 April 2025	9.5	14 April 2027	INR172.13	IND A/Stable
NCD (Secured)	INE403Q07FH5	15 April 2025	10	14 April 2028	INR884.59	IND A/Stable
NCD (Secured)	INE403Q07FI3	15 April 2025	0	14 April 2028	INR49.14	IND A/Stable
NCD (Secured)	INE403Q07FJ1	15 April 2025	0	14 April 2032	INR80.8	IND A/Stable
NCD (Secured)	INE403Q07FK9	15 April 2025	0	14 April 2029	INR243.47	IND A/Stable
NCD (Secured)	INE403Q07FL7	15 April 2025	10.25	14 April 2030	INR222.35	IND A/Stable
NCD (Secured)	INE403Q07FM5	15 April 2025	0	14 October 2026	INR261.06	IND A/Stable
NCD (Secured)	INE403Q07FQ6	01 July 2025	10	31 December 2027	INR750	IND A/Stable
NCD (Secured)	INE403Q07FZ7	09 July 2025	10.62	09 July 2027	INR250	IND A/Stable
NCD (Secured)	INE403Q07GA8	09 July 2025	10.62	09 July 2027	INR250	IND A/Stable
NCD (Secured)	INE403Q07FV6	24 July 2025	0	23 July 2032	INR124.70	IND A/Stable
NCD (Secured)	INE403Q07FU8	24 July 2025	10	23 July 2030	INR102.48	IND A/Stable
NCD (Secured)	INE403Q07FR4	24 July 2025	0	23 September 2029	INR157.38	IND A/Stable
NCD (Secured)	INE403Q07FW4	24 July 2025	10	23 January 2029	INR49.99	IND A/Stable
NCD (Secured)	INE403Q07FS2	24 July 2025	0	23 January 2029	INR30.11	IND A/Stable
NCD (Secured)	INE403Q07FX2	24 July 2025	10	23 July 2028	INR683.18	IND A/Stable
NCD (Secured)	INE403Q07FY0	24 July 2025	0	23 July 2028	INR204.95	IND A/Stable
NCD (Secured)	INE403Q07FT0	24 July 2025	0	23 January 2027	INR647.17	IND A/Stable
NCD (Secured)	INE403Q07GB6	07 Aug 2025	10.62	07 Aug 2028	INR 500	IND A/Stable
NCD (Secured)	INE403Q07GC4	07 Aug 2025	10.62	07 Feb 2028	INR 500	IND A/Stable
NCD (Secured)	INE403Q07GD2	20 Aug 2025	10	31 May 2028	INR 500	IND A/Stable
NCD (Secured)	INE403Q07GE0	20 Aug 2025	10	30 Nov 2027	INR 1000	IND A/Stable
NCD (Secured)	INE403Q07GF7	29 Aug 2025	10	29 Aug 2027	INR 500	IND A/Stable
Total utilised limit					INR25532.56	IND A/Stable
Total unutilised limit					INR11,130.04	IND A/Stable
Total limit**					INR36662.60	IND A/Stable

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Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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