IKF
Home Finance

Date: February 9, 2026

To
The Listing Department,
Corporate Relationship Department,
BSE Limited
P J Tower, Dalal Street,
Mumbai - 400001

Scrip Code: 959612, 975067, 976278

Dear Sir/ Madam,

Sub: Intimation of Credit Rating Assigned to the Company
Ref: Regulation 51 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 51(1) of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, we would like to inform that India Ratings and Research Private Limited (the “Credit Rating Agency”) vide its press release dated 9th February 2026 has assigned the credit rating to IKF Home Finance Limited (the “Company”) as detailed in the below table:

Type of Rating	Amount (₹ crore)	Details of Rating Assigned
Non-Convertible Debentures	INR 500 Cr	IND AA-/Stable

This is for your information and records.

Thanking you,

Yours faithfully,

For IKF Home Finance Limited

Puligilla Aakanksha
Digitally signed by Puligilla Aakanksha
Date: 2026.02.09 17:50:35 +05'30'

Aakanksha Puligilla
Company Secretary & Compliance Officer
M. No. A75114

Encl: as above

India Ratings Assigns IKF Home Finance's NCDs 'IND AA-'/Stable

Feb 09, 2026 | Housing Finance Company

India Ratings and Research (Ind-Ra) has rated IKF Home Finance Limited's (IKFH) debt instruments 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*	-	-	-	INR500	IND AA-/Stable	Assigned

*Yet to be issued

Analytical Approach

Ind-Ra has taken a fully consolidated view of IKF Home Finance Limited (IKFH), along with its parent company, IKF Finance Limited's (IKFF; 'IND AA-'/Stable; which holds a 100% stake), collectively referred to as IKF, given the presence of IKFF's representatives on the IKFH board, the strong financial and operational linkages between the entities, the use of a common brand name by IKFH, and the overlap of branch networks.

Detailed Rationale of the Rating Action

The rating reflects IKF's adequate capitalisation levels for scaling up the franchise in the medium term, supported by steady internal accruals and regular capital infusions. The rating also factors in the considerable experience of the company's promoter and senior management team. The rating is further supported by continued profitable growth in the company's franchise and visibility regarding its future growth plans, with a focus on used commercial vehicles, used construction equipment, and housing finance loans. The company also has a diversified borrowing mix, with a healthy share of funding from banks and other financial institutions.

Ind-Ra has factored in adequate group-level liquidity with a cumulative surplus in all-time buckets of up to one year at the end-September 2025. The rating also considers the improving granularisation of the loan book; however, the delinquency in asset quality has inched up in 1HFY26 due to the current operating environment. The ratings remain constrained by limited geographical diversification and the category of customers, making the company financially vulnerable to seasonality and business cycles. IKFH achieved robust loan growth in the past few years; to that extent the book is relatively unseasoned.

List of Key Rating Drivers

Strengths

- Expansion in franchise and levers in place to further increase scale
- Maintained adequate profitability
- Diversified funding profile
- Experienced management backed by marquee investors

Weaknesses

- Unseasoned mortgage business book but stable asset quality

- Limited geographical diversification
- Financially vulnerable borrower segment, but manageable asset quality across business cycles

Detailed Description of Key Rating Drivers

Expansion in Franchise and Levers in Place to Further Increase Scale: IKF's AUM continued to grow organically and rose 37% yoy to INR73,890 million in 1HFY26 (FY25: INR66,620 million; FY24: INR48,110 million), led by an increase in the number of branches to 320 (290; 244). IKFH engages in the financing of housing loan and loans against property, while used vehicles and secured micro small and medium enterprises (MSME) loans are provided by IKFF. IKFH's assets under management (AUM) grew 43% yoy to INR16,834 million at end-1HFY26 (FYE25: INR14,769 million; 41% yoy, FYE24: INR10,500 million; 51%) driven by both HL (62% of the standalone AUM) and LAP (38%). Both the entities are closely integrated with respect to planning and executing business strategies and sharing branch infrastructure, while continuing build their own setups. Aligned with its strategy, IKF has steadily increased its share of commercial vehicle (CV) and construction equipment (CE) financing, which constituted 51.4% of the AUM in 1HFY26 (FY25: 50.2%; FY24: 45.3%). Within the overall AUM the mortgage share is around one-fourth, and the overall off-book portfolio stood at 13.6% in 1HFY26, the company intends to cap this at 15%. IKF also remains focused on improving portfolio granularity by reducing exposure to higher ticket non-banking financial company (NBFC) and small and medium enterprises (SME) funding. Maintaining the asset quality with franchisee expansion and the company's ability to replicate the business model in new geographies will be key rating monitorable.

At end-September 2025, IKF had a tangible equity base of INR18,450 million (FY25: INR10,637 million; FY24: INR9,242 million). Its leverage (debt/tangible equity) improved to 2.86x in 1HFY26 (FY25: 4.72x; FY24: 3.73x), supported by internal accruals and an equity infusion of INR7,000 million from marquee investors, and around INR500 million from the promoter during 1HFY26. IKFF has infused a total equity of INR3,475 million into IKFH so far, including the last infusion INR454 million in 4QFY26. The strengthened capital position provides adequate headroom to support medium-term growth. The agency expects IKF to maintain comfortable equity buffers, with a leverage below 4.0x over the medium term.

Maintained Adequate Profitability: IKF reported a profit after tax of INR842.8 million in 1HFY26 (FY25: INR1,428.2 million; FY24: INR1,018 million), with a return on average assets of 2.5% (2.67%; 2.61%). While yields improved, the company was able to sustain its net interest margins in 1HFY26 despite the elevated cost of funding, thereby supporting the overall profitability. IKF continues to operate in a high-risk, risk-adjusted pricing segment, offering a healthy return profile at this scale. The return on equity stood at 11.59% in 1HFY26 (FY25: 14.37%; FY24: 12.43%) with the moderation in 1HFY26, primarily driven by the recent equity infusion. The opex to average AUM increased marginally to 3.77% in 1HFY26 (FY25: 3.70%; FY24: 3.63%), reflecting expansion through network and manpower additions. Its credit cost (provisions and write-offs to average AUM) increased to 1.06% in 1HFY26 (FY25: 0.86%; FY24: 0.51%). The rise was driven by seasonal weakness and the prevailing operating environment, while the higher level in FY25 was attributable to adverse weather patterns. A normalisation of credit costs is anticipated over the upcoming quarters. Ind-Ra expects IKF's profitability to sustain in the near term, supported by operating efficiency, a likely decline in the cost of funding, and an ability to grow its loan book with a manageable asset quality.

Diversified Funding Profile: The company's consolidated funding profile remains well-diversified, with term loans accounting for the majority share at 71%, followed by non-convertible debentures (19%), securitisation transactions (7%) and cash-credit/overdraft facilities (4%) as of 1HFY26. The borrowing base continues to benefit from established relationships with more than 60 lenders, including private and public sector banks, small finance banks, the National Housing Bank (bonds rated at 'IND AAA'/Stable), asset management companies and capital market participants. Despite this diversification, the company's blended cost of funds remains relatively elevated at around 10% in 1HFY26. However, management anticipates a moderation in borrowing costs in 2HFY26, supported by the benefit of reductions in MCLR-linked floating-rate exposures and the repricing of high-cost legacy borrowings. The regular addition of new lending partners, coupled with the recent equity infusion, is likely to enhance the funding flexibility. Given the scale of operations, the existing lender base is deemed adequate, and the liability profile remains well diversified. Additionally, the company's co-lending arrangements with partner institutions provide an alternative avenue for resource mobilisation.

Experienced Management backed by Marquee Investors: IKFhas three decades of operating track record and a considerable presence in Telangana, which accounted for 33.3% of the assets under management (AUM) as on 30 September 2025 due to legacy market. IKF's top management consists of professionals with significant and relevant experience. IKF has strengthened its information technology and management of information systems, and has benefited from the high involvement of key institutional investors such as Norwest Capital LLC, Motilal Oswal Wealth Limited, and Creador PE, among others, which together hold around 52.48% stake in IKFF as on 31 December 2025, while the promoters held 35.2% and the remaining stake was held by others. Additionally, the group's governance structure reflects overlap, with the chairman and managing director of IKFF concurrently serving as directors on the board of IKFH.

Unseasoned Mortgage Business Book but Stable Asset Quality: IKFH's portfolio remains largely self-employed focused. Asset quality is stable, with GNPA at 1.55% in 1HFY26 and provision coverage of 36.77%. However, the book is relatively unseasoned, with disbursements over the last 12 months ended 30 September 2025 constituting around 42% of standalone AUM. IKFH plans to maintain the off book at around 20%. Ind-Ra believes that the maintenance of asset quality as the book seasons, supported by adequate provision coverage, will remain a key monitorable.

Limited Geographical Diversification: IKFH currently operates across six states and intends to penetrate deeper before adding presence in other geographies over the medium term, thereby limiting its footprint. Nevertheless, IKFF is present in nine states. The portfolio continues to exhibit high regional concentration, with a significant skew towards the southern region. The four major southern states namely Telangana (33.3%), Andhra Pradesh (13.1%), Tamil Nadu (12.9%), and Karnataka (9.0%), together account for 68.3% of the total consolidated AUM at 1HFY26, supported by a 121 branch network of IKFH and 199 of IKFF. While the company has gradually expanded into newer regions over time, the geographical profile remains concentrated. Ind-Ra believes that continued scale-up in non-southern markets is expected to aid geographical diversification and reduce concentration risk over the medium term.

Financially Vulnerable Borrower Segment, but Manageable Asset Quality across Business Cycles: At 1HFYE26, the company's AUM was diversified across commercial vehicles (29.5%), construction equipment (21.9%), home loans (14.1%), cars and multi-utility vehicles (12.6%), loans against property (8.6%), secured SME (7.5%), NBFC lending (3.9%) and the balance in tractors, two-wheelers and three-wheelers. The company maintains a strong presence in the southern region as a used-vehicle financier, with over 95% of its vehicle portfolio comprising pre-owned assets. IKFF's borrower base remains economically vulnerable, given its focus on individual borrowers in the used-vehicle segment and small business owners in the MSME segment, predominantly across rural and semi-urban geographies. Consequently, softer-bucket delinquencies have historically remained elevated and volatile. Nevertheless, the company has demonstrated an ability to navigate through cycles, with 90+ days past due rising but remaining manageable at 2.1% in 1HFY26 (FY25: 1.5%; FY24: 1.3%). Write-offs also remained contained at INR183 million (0.25% of consolidated AUM) in 1HFY26.

The gross non-performing asset ratio increased to 2.28% in 1HFY26 (FY25: 2.03%; FY24: 2.01%), although the company continued to exercise control over delinquencies while maintaining an adequate provision coverage ratio of 34.2%. Additionally, as part of its de-risking strategy, the company has improved portfolio granularity by reducing high-ticket exposures to NBFCs and MSMEs. Ind-Ra believes that the company's ability to sustain growth while preserving asset quality in existing and newer geographies will remain a key monitorable.

Liquidity

Adequate: As per IKF's asset-liability management statement, as on 30 September 2025, there was no cumulative mismatch in any time bucket up to one year. At end-December 2025, the company had INR5,369 million of cash and cash equivalents, and undrawn bank lines of INR10,429 million, which are sufficient to meet the company's debt repayment of INR4,809 million until end-March 2026, even without factoring in the collection during the period. The management maintains a policy to keep minimum surplus liquidity for the next two months' debt repayment and operating expenses. The company can also raise liquidity through the securitisation of its portfolio. Even under Ind-Ra's stress case, which assumes a delay in inflows, the liquidity profile is reasonable. Furthermore, at the standalone level, IKFH's treasury operations are aligned with those of IKFF, with access to an on-tap INR1 billion credit line from the parent for contingency liquidity needs, although it has not been utilised.

Rating Sensitivities

Positive: The following events could collectively lead to a positive rating action
- continued and significant growth in the scale of operations;
- continued geographic diversification;
- sustained profitability;
- continued improvement in funding profile and cost of funding relative to peers'; and
- a demonstrated ability to manage its asset quality.

Negative: Events that could, individually or collectively, lead to a negative rating action are:
- significant dilution in ownership of IKFF (parent) in IKFH (subsidiary);
- deterioration in the asset quality and high credit costs, resulting in a material capital impairment;
- the consolidated leverage (debt/tangible equity) exceeding 4.0x, on a sustained basis, over the medium term;
- challenges in mobilising funds and an inability to maintain adequate liquidity.

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 IKFH, 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

IKFF is an NBFC that commenced operations in 1991 with the objective of catering to the underpenetrated used vehicle financing segment. The company later expanded into home loans and loan against property products through IKFH, which started operations in 2017 and was converted into a fully owned subsidiary in FY25. IKFH registered as a housing finance company. Both entities are collectively known as IKF, with their home state being Telangana.

As of 1HFY26, IKFH operates 121 branches across six states, while IKFF operates 199 branches across nine states, resulting in a combined network of 320 branches, with a majority presence in the southern region. The group has an employee strength of over 2,850. IKF is promoted by Mr. V. G. K. Prasad and is supported by private equity investors.

Key Financial Indicators

Particulars (INR million)- IKF (Consolidated)	1HFY26	FY25	FY24
Total tangible assets	72,698	62,406	44,710
Total tangible equity	18,450	10,639	9,242
Net profit/loss	843	1,428	1,018

Return on average assets (%)	2.5	2.67	2.61
Equity/assets (%)	25.4	17	20.7
Leverage (debt/tangible equity) (x)	2.86	4.72	3.73
Gross non-performing assets (%)	2.28	2.03	2.01
Source: IKF, Ind-Ra's analysis			

Particulars (INR million)- IKFH (Standalone)	1HFY26	FY25	FY24
Total tangible assets	15,301	13,780	9,513
Total tangible equity	3,708	2,405	2,124
Net profit/loss	179	338	237
Return on average assets (%)	2.46	2.9	2.9
Equity/assets (%)	24.2	17.5	22.3
Total capital ratio (%)	37.79	27.79	32.88
Leverage (debt/tangible equity) (x)	3.01	4.54	3.37
Gross non-performing assets (%)	1.55	1.23	0.76
Source: IKF, Ind-Ra's analysis			

Particulars (INR million)- IKFF (Standalone)	1HFY26	FY25	FY24
Total tangible assets	60,632	50,109	36,747
Total tangible equity	17,979	9,874	8,793
Net profit/loss	650	1,080	770
Return on average assets (%)	2.35	2.49	2.39
Equity/assets (%)	29.7	19.7	23.9
Total capital ratio (%)	30.86	20.86	26.51
Leverage (debt/tangible equity) (x)	2.31	3.98	3.11
Gross non-performing assets (%)	2.48	2.24	2.35
Source: IKF, Ind-Ra's analysis			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating/Outlook
Non-convertible debentures	Long-term	INR500	IND AA-/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Non-convertible debentures	Low

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

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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.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

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