

Date: December 31, 2025

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 Revision in Credit Rating of 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 CARE Ratings Limited (the "Credit Rating Agency") vide its press release dated 30th December, 2025 has upgraded the credit rating of IKF Home Finance Limited (the "Company") as detailed in the below table:

Type of Rating	Amount (₹ crore)	Revised Rating	Details of Revision
Long Term Bank Facilities	1,840.00 (Enhanced from 1440.00)	CARE A+; Stable	Upgraded from CARE A; Stable
Non-Convertible Debentures – I	6.67	CARE A+; Stable	Upgraded from CARE A; Stable
Non-Convertible Debentures – II	33.33	CARE A+; Stable	Upgraded from CARE A; Stable
Non-Convertible Debentures – III	60.00	CARE A+; Stable	Upgraded from CARE A; 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: 2025.12.31
10:52:40 +05'30'

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

IKF Home Finance Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,840.00 (Enhanced from 1,440.00)	CARE A+; Stable	Upgraded from CARE A; Stable
Non-convertible debentures - I	6.67	CARE A+; Stable	Upgraded from CARE A; Stable
Non-convertible debentures - II	33.33	CARE A+; Stable	Upgraded from CARE A; Stable
Non-convertible debentures - III	60.00	CARE A+; Stable	Upgraded from CARE A; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the rating of IKF Home Finance Limited (IKFHF) reflects its strong parentage under IKF Finance Limited (IKF; rated 'CARE A+; Stable'), demonstrated through consistent capital support with latest capital infusion of ₹105 crore in H1FY26 and an additional ₹45 crore in Q3FY26. As on September 30, 2025, IKFHF has become a wholly owned subsidiary of IKF. Regular capital infusions have strengthened IKFHF's capitalisation, with tangible net worth (TNW) rising to ₹371 crore as on September 30, 2025 (₹246 crore as on March 31, 2025; ₹212 crore as on March 31, 2024). Consequently, the gearing ratio improved to 3.01x as on September 30, 2025, from 4.44x as on March 31, 2025 (3.37x as on March 31, 2024).

The rating continues to factor in synergies derived by IKFHF through business linkages, common brand identity, shared infrastructure, treasury management, and ongoing financial and managerial support from its parent. The rating also considers improvement in the scale of operation, moderate asset quality, consistent profitability aided by income from direct assignment (DA) transactions, and adequate systems and processes.

However, the rating is constrained by IKFHF's limited track record, low portfolio seasoning, concentrated resource profile, regional concentration, and inherent risks associated with a borrower base largely comprising of self-employed individuals in the informal segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could, individually or collectively lead to positive rating action/upgrade:

- Improvement in the credit risk profile of the parent, IKF.
- Improvement in the scale of operations with sustained profitability while maintaining good asset quality.

Negative factors: Factors that could, individually or collectively lead to negative rating action/downgrade:

- Weakening in the credit risk profile of the parent, IKF.
- Material dilution in the shareholding of IKF.
- Moderation in gearing levels with overall gearing exceeding 5x on a sustained basis.

Analytical approach: Standalone; factoring in the linkages with the parent, IKF. IKFHF is a subsidiary of IKF and has strong management, operational and financial linkages with its parent company.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook reflects expectations of continued strong support from the parent enabling the company to expand loan portfolio while maintaining stable financial metrics.

Detailed description of key rating drivers:**Key strengths****Strong parentage with business synergies, operational, and financial linkages**

IKFHF is a wholly owned subsidiary of IKF and holds strategic importance within the IKF group. The company benefits significantly from the parent–subsidiary relationship, with IKF extending management and operational support through its established branch network, risk management systems, and loan sourcing capabilities. IKFHF also leverages the common 'IKF' brand name and enjoys access to the group treasury, enabling it to mobilise resources at competitive rates from banks, financial institutions, and capital markets. A majority of IKFHF's branches are co-located with those of the parent, further strengthening operational synergies.

CareEdge Ratings notes that IKF's shareholding in IKFHF increased to 100% as on September 30, 2025, from 90% as on March 31, 2025, making it a wholly owned subsidiary. IKF has demonstrated consistent financial support to IKFHF, with total capital infusion aggregating to ~₹300 crore as of November 2025, including ₹105 crore infused in H1FY26 and ₹45 crore in Q3FY26. CareEdge Ratings expects such support from the parent to continue going forward, underscoring IKFHF's strategic relevance to the group.

Established in 2002, IKFHF is spearheaded by V. G. K. Prasad, who serves on the boards of both IKF and IKFHF. With over three decades of experience in the asset financing business, he has built a strong track record in the auto finance segment and cultivated a wide industry network, which has positively contributed to the group's business operations. IKFHF is led by Vasantha Lakshmi, Managing Director, who brings nearly a decade of experience in asset financing across sales, credit, and manpower management. The company is further supported by a qualified and experienced management team.

Improvement in scale of operations

In the last five years, IKFHF has demonstrated strong growth in assets under management (AUM), recording a compound annual growth rate (CAGR) of 45%. AUM increased from ₹228 crore as on March 31, 2020, to ₹1,477 crore as on March 31, 2025, and further to ₹1,683 crore as on September 30, 2025. Housing loans form majority portfolio, comprising 62% of AUM, with the balance comprising loans against property (LAP).

Disbursements rose from ₹469 crore in FY24 to ₹597 crore in FY25, reflecting year-on-year growth of 27%. In H1FY26, disbursements stood at ₹309 crore, indicating sustained business momentum. The branch network also expanded significantly from 79 branches as on March 31, 2024, to 100 branches as on March 31, 2025, and further to 121 branches as on September 30, 2025.

CareEdge Ratings expects this robust AUM growth to continue over the medium term, supported by the company's expanding branch network and increasing operational scale.

Comfortable capitalisation levels with regular equity infusion from the parent

As on March 31, 2025, IKFHF reported a capital adequacy ratio (CAR) and Tier-I CAR of 27.79% and 26.54%, respectively, compared to 32.88% and 31.49% as on March 31, 2024, remaining well above the regulatory requirement of 15%. Subsequently, as on September 30, 2025, the company's CAR improved to 37.79%, with Tier-I capital at 36.54%, supported by latest capital infusion. Gearing improved to 3.01x as on September 30, 2025, compared to 4.44x as on March 31, 2025 (3.37x as on March 31, 2024).

The company's robust capital base provides a strong cushion to absorb elevated operating costs in its growth and scaling phase, and unforeseen losses arising from an evolving business environment. CareEdge Ratings expects IKFHF to continue receiving equity support from its parent going forward, reinforcing its strategic importance within the group.

Moderate asset quality

IKFHF has maintained stable asset quality, though some moderation was observed in FY25 and H1FY26. Gross non-performing asset (GNPA) and net NPA (NNPA) stood at 1.23% and 0.71%, respectively, as on March 31, 2025, compared to 0.76% and 0.56% as on March 31, 2024. As on September 30, 2025, these ratios further moderated to 1.55% and 0.98%, respectively.

Delinquencies increased across all buckets in H1FY26, with 30+ days past due (DPD) and 60+ DPD rising to 6.44% and 3.70%, respectively, as on September 30, 2025, compared to 3.97% and 2.16% as on March 31, 2025 (2.34% and 1.14% as on March 31, 2024). This moderation is primarily attributable to attrition in the collection staff and migration of stress from the unsecured segment to lower-ticket-size secured loans. The company has hired new collections head to have stronger controls on the collections.

Going forward, the company's ability to maintain asset quality while expanding into new geographies will be critical to its earnings profile. CareEdge Ratings notes that portfolio seasoning remains low due to the longer-tenure nature of loans, and performance across economic cycles and regions is yet to be established. With a borrower base largely comprising self-employed individuals in the informal low- and middle-income segment, asset quality remains highly susceptible to adverse economic developments.

Stable profitability aided by income from DA transactions

In FY25, IKFHF reported a profit after tax (PAT) of ₹34 crore on a total income of ₹213 crore, compared to ₹24 crore on ₹147 crore in FY24. Income from DA transactions rose to ₹31 crore (14% of total income) in FY25 from ₹18 crore (12%) in FY24. Net interest margin (NIM) declined marginally to 5.73% in FY25 from 6.13% in FY24, primarily due to higher cash holdings. Operating expenses to average assets remained stable at 5.95% (FY24: 5.75%), while credit cost increased to 0.81% from 0.46% owing to higher delinquencies. Despite this, return on total assets (ROTA) remained broadly stable at 2.89% in FY25 (FY24: 2.90%). Return on tangible net worth (RONW) stood at 14.73% in FY25 (FY24: 13.35%).

In H1FY26, PAT was ₹18 crore on a total income of ₹115 crore, compared to ₹15 crore on ₹95 crore in H1FY25. DA income contributed ₹13 crore (10% of total income) in H1FY26 versus ₹15 crore (16%) in H1FY25. Moderation in profitability was driven by lower DA income and higher operating expenses due to branch expansion and scaling up operations. Consequently, ROTA declined to 2.46% in H1FY26 from 2.99% in H1FY25.

CareEdge Ratings expects profitability to remain consistent over the medium term, supported by continued DA income. However, rising operating costs from network expansion and the company's ability to contain slippages and maintain asset quality will remain key monitorable.

Key weaknesses

Limited track record and small scale of operations with geographically concentrated portfolio

IKFHF commenced operations in FY17 and given the long-tenure nature of its loan products, its track record remains relatively limited. While AUM has grown steadily in recent years, the overall scale of operations remains modest, with AUM at ₹1,683 crore as on September 30, 2025 (₹1,477 crore as on March 31, 2025).

Although the company has expanded into Maharashtra and Gujarat, its portfolio remains concentrated in South India. Telangana accounted for 37% of AUM as on March 31, 2025 (39% as on September 30, 2025), while the southern states of Telangana, Andhra Pradesh, Tamil Nadu, and Karnataka together contributed 80% of AUM in the same period. CareEdge Ratings expects this regional concentration to persist over the medium term.

Concentrated resource profile

The company's borrowing profile remains concentrated towards bank loans, which accounted for 64% of the total borrowings as on March 31, 2025 (66% as on March 31, 2024). Non-banking financial companies (NBFC) borrowings constituted 15% of the total borrowings as on March 31, 2025, improved from 20% as on March 31, 2024, while securitisation, National Housing Bank (NHB) borrowings, non-convertible debentures (NCD) formed 8%, 7% and 6%, respectively, as on March 31, 2025. (March 31, 2024: Securitisation funds: Nil; NHB Borrowings: 7%; NCD: 7%). As on September 30, 2025, the borrowing mix comprised 61% of bank loans, 14% of NBFC loans, 13% of NHB borrowing, 7% from securitisation and 5% of NCDs.

The company benefits from an integrated treasury arrangement with its parent, IKF, enabling access to funds at competitive rates. This support is expected to strengthen IKFHF's funding profile by leveraging the parent's established relationships with banks and financial institutions, while aiding asset-liability management given the longer-tenure nature of housing loans against shorter-tenure funding sources.

Inherent risk associated with borrower class

IKFHF primarily caters to self-employed customers in the informal low- and middle-income segment. The company operates at an average yield of ~16%; however, this borrower profile is inherently vulnerable to economic cycles, exposing the portfolio to higher credit risk. As on September 30, 2025, self-employed customers constituted 70% of the portfolio, with the remaining 30% comprising salaried individuals. Going forward, the company's ability to contain credit costs while sustaining yields, maintaining asset quality, and scaling operations will remain a key monitorable.

Liquidity: Adequate

IKFHF's liquidity profile stands adequate with no negative cumulative mismatch reported across time buckets up to one year. As on September 30, 2025, the company had unencumbered cash and cash equivalents of ₹18 crore, which is sufficient for repayment of one month's debt repayment. The company also had unutilised sanctions amounting to ₹185 crore. CareEdge Ratings expects IKFHF to effectively address its liquidity requirements, supported by its parent through timely infusions of equity or debt funding.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Housing Finance Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Housing finance company

IKFHF, the housing finance arm of IKF, was incorporated in August 2002 as IKF Financial Services Private Limited. IKFHF initially incorporated by its promoters as an associate company of IKF, the group's flagship entity, and a non-deposit-taking NBFC engaged in asset financing across commercial vehicles, construction equipment, and the SME segment. However, in December 2018, IKF acquired majority stake in IKFHF. As on September 30, 2025, IKF Finance Limited holds a 100% stake in IKFHF.

IKFHF is primarily engaged in offering home loans and LAP. The company has established its presence across Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Maharashtra, and Gujarat. As on September 30, 2025, IKFHF reported an AUM of ₹1,683 crore, with 70% of the portfolio catering to self-employed customers and the remaining 30% to salaried individuals.

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-09-2025
Standalone	A	A	UA
Total income	148	213	131
Profit after tax (PAT)	24	34	18
Assets under management (AUM)	1,049	1,477	1,683
On-book gearing (x)	3.37	4.44	3.01
AUM / tangible net worth (TNW) (x)	4.94	6.00	4.54
Gross stage 3 (%)	0.76	1.23	1.55
Return on managed assets (ROMA) (%)	2.50	2.44	2.04
Capital adequacy ratio (CAR) (%)	32.88	27.79	37.79

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Non-convertible debentures – I and II	INE02VP08022	31-Aug-2023	10.85%	31-Aug-2026	40.00	CARE A+; Stable
Non-convertible debentures – III	INE02VP07065	24-Dec-2024	9.80%	24-Mar-2028	40.00	CARE A+; Stable
Non-convertible debentures – III	Proposed	-	-	-	20.00	CARE A+; Stable
Fund-based - LT-Cash Credit	-	-	-	-	40.00	CARE A+; Stable
Fund-based - LT-Term Loan	-	-	-	July, 2033	1800.00	CARE A+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	1800.00	CARE A+; Stable	-	1)CARE A; Stable (31-Dec-24) 2)CARE A-; Stable (26-Sep-24)	1)CARE A-; Stable (29-Sep-23)	1)CARE A-; Stable (04-Oct-22)
2	Fund-based - LT-Cash Credit	LT	40.00	CARE A+; Stable	-	1)CARE A; Stable (31-Dec-24) 2)CARE A-; Stable (26-Sep-24)	1)CARE A-; Stable (29-Sep-23)	1)CARE A-; Stable (04-Oct-22)
3	Debentures-Non-convertible debentures	LT	6.67	CARE A+; Stable	-	1)CARE A; Stable (31-Dec-24) 2)CARE A-; Stable (26-Sep-24)	1)CARE A-; Stable (29-Sep-23)	1)CARE A-; Stable (04-Oct-22)
4	Debentures-Non-convertible debentures	LT	33.33	CARE A+; Stable	-	1)CARE A; Stable (31-Dec-24) 2)CARE A-; Stable (26-Sep-24)	1)CARE A-; Stable (29-Sep-23)	1)CARE A-; Stable (04-Oct-22)
5	Debt-Subordinate Debt	LT	-	-	-	-	1)Withdrawn (29-Sep-23)	1)CARE A-; Stable (04-Oct-22)
6	Debentures-Non-convertible debentures	LT	60.00	CARE A+; Stable	-	1)CARE A; Stable (31-Dec-24) 2)CARE A-; Stable	-	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
						(26-Sep-24)		

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Vineet Jain Senior Director CARE Ratings Limited Phone: +91-22-6754 3623 E-mail: vineet.jain@careedge.in
Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Akansha Akshay Jain Assistant Director CARE Ratings Limited Phone: +91-22-6754 3491 E-mail: akansha.jain@careedge.in
	Sakshi Arora Assistant Director CARE Ratings Limited E-mail: sakshi.arora@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**