

Press Release
ICL FINCORP LIMITED
February 27, 2025
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
BOND	50.00	ACUITE BBB- Stable Reaffirmed	-
Non Convertible Debentures (NCD)	200.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	250.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minust**) of Rs.200.00 Cr. Non Convertible Debentures of ICL fincorp limited (ICLFL). The outlook is '**Stable**'.

Acuite has also reaffirmed its long term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minust**) of Rs.50 Cr. Bonds of ICL fincorp limited (ICLFL). The outlook is '**Stable**'.

Rationale for rating

The rating continues to factor in the experience of promoters in the gold loan financing segment and moderate earning profile. ICLFL's AUM has improved to Rs.571.95 Cr. as on December 31, 2024 as against Rs.472.17 Cr. as on March 31st 2024 and Rs.396.10 Cr. as on March 31st 2023. ICLFL's net interest margins has improved at 18.62 percent in FY24 as against 15.72 percent in FY23. The PAT for 9MFY24 improved to Rs. 4.44 Cr. from Rs.1.9 Cr. in FY24. The rating however, remains constrained by geographical concentration, limited financial flexibility and highly competitive business of gold loans. Going forward, the company's ability to raise capital, profitable scale up the loan portfolio while maintaining the capital adequacy and asset quality metrics will be key rating monitorable.

About the company

ICL Fincorp Limited (ICLFL) was established in 1991 and started its non-banking financial services operation in 1999 with the approval of Reserve Bank of India. The company acquired a Chennai based NBFC company, Jawahar Finance Company, and renamed it as 'Irinjalakuda Credits and Leasing Company Limited' in 2004. The company was renamed to 'ICL Fincorp Ltd' in May 2016. IFL is based in Irinjalakuda, Thrissur, Kerala. The company started lending against consumer durables and later ventured into gold loans in 2013. The company currently offers gold loans, small business loans, personal loans, loan against property (LAP), and two wheeler loan. The promoter is also engaged in health care, textiles, chits, and tours and travel businesses through separate companies. The registered office of the company is in Chennai. The directors of the company are Mr. Kuzhuppilly Govinda Menon Anilkumar, Ms. Umadevi Anilkumar, Mr. Ambadath Aiyappan Balan, Mr. Kakkeri Kochakkan Wilson, Mr. Sreejith Surendran Pillai and Mr. Shinto Stanly.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of ICL Fincorp limited to arrive at the rating.

Key Rating Drivers

Strength

Experienced promoters and established track record of operations

The promoters have more than three decades of experience and a strong understanding of customer profile in the region of operations. Given the company's long track record of presence of more than three decades in State of Kerala, the company has built good creditable with borrowers. The company is managed by Mr. K G Anil Kumar, the managing director of the company has long standing experience in various businesses and financial services. The day to day operations of the company are managed by Mr. K G Anil Kumar and Ms. Uma Devi Anil Kumar who is supported by team of professionals. Acuite believes that ICLFL will continue to benefit from experience of promoters and established track record of operations in gold loan segment.

Stable Business growth aided by continuous expansion

The company has demonstrated stable growth in its business metrics as evident by growth in AUM to Rs.571.95 Cr. as on December 31st 2024 as against Rs. 472.17 Cr. as on March 31st 2024. Total disbursements in FY24 stood at Rs. 1670.78 Cr. as against Rs.1368 Cr. in FY2023. High proportion of gold loans in total AUM is also attributable to company's expertise in gold loans and opex in new states outside of Kerala like Andhra Pradesh, Karnataka, Telangana, Tamil Nadu and Orissa. Increase in outstanding gold loan portfolio would make the portfolio more secure and would reduce the risk of losses. Going forward company is planning to diversify into other segment like vehicle loan, business loan, personal loans and property loans.

Geographical concentration; albeit improving

ICLFL has presence majorly in south Indian states of Kerala, Tamil Nadu, Telangana, Karnataka, Andhra Pradesh and Orissa. Company's loan book is majorly concentrated in Kerala with the share of 27.04 percent of total portfolio. Decline is attributable to company opex in other states in South India and Orissa. Further, company has expanded it's presence in Maharashtra and Gujrat.

Weakness

Timely infusion of capital in order to maintain CRAR as per regulatory requirements

Capital to risk assets ratio(CRAR) stood at 15 percent as on March 31st 2024 as against 18.99 percent as on March 31 2023. The gearing ratio of the company stood at 5.53 times as on 9MFY24 as against 5.11 times as on March 31st 2024. Timely infusion of capital to facilitate capitalisation requirement as per regulatory requirement would be key rating monitorable.

Competitive nature of the Industry

ICLFL is exposed to stiff competition from other varied sized NBFCs. The lending industry focused around gold, two wheeler vehicle loan, LAP and secured business loan are highly fragmented with unorganized lenders also vying for the same set of borrowers. However, ICLFL professional management and focused approach towards these lending and conservative underwriting policy standards is expected to grow its business while mitigating the risks attached to them.

Rating Sensitivity

- Movement in capital structure and timely infusion of capital
- Movement in liquidity buffers
- Movement in earning profile
- Changes in regulatory environment

All Covenants

The Company agrees, confirms and undertakes to comply with and maintain the following Financial Covenants, at all times till the Final Settlement Date:

- a. The below Financial covenants shall be tested on an annual basis (March end of each financial year) basis based on audited results of the relevant period:

Consolidated Gross Debt / EBITDA – 1) Not more than 4.5 times for the financial year 2023-2024;

2) Not more than 4.0 times for the financial year 2024-2025;

3) Not more than 3.5 times for the financial year 2025-2026;

And then shall not be more than 3.0 times from Financial year 2026-2027

onwards.

Security Cover Ratio

- Not less than 1.5 times of the Security cover until the final settlement date.

In the event there is breach in the aforesaid Financial Covenants, the Issuer shall be permitted a time period of 30 (thirty) days from the date on which the Issuer becomes aware of such breach or the Debenture Trustee provides a written notice to the Issuer, whichever is earlier, to cure such breach by providing additional security or such other methods as may be mutually acceptable to the Issuer and the Debenture Trustee.

For the purpose of the Financial Covenants, the following expressions have the meaning set out against them:

“EBITDA” means earnings before Interest depreciation and tax, with respect to any period, earnings and other income of the issuer on consolidated basis before deduction of interest, tax, depreciation and amortization, share of joint ventures and associates and any exceptional items for that period.

“Gross Debt” means for a relevant period, the Financial Indebtedness of the Issuer on a consolidated basis.

Liquidity Position

Adequate

ICLFL’s overall liquidity profile remains adequate with no negative cumulative mis-matches in near to medium term as per ALM dated December 31, 2024. The company had cash and cash equivalent of Rs. 0.68 Cr. as on March 31, 2024.

Outlook:

Stable.

Other Factors affecting Rating

None.

Key Financials - Standalone / Originator

Particulars	Unit	FY24 (Actual)	FY23(Actual)
Total Assets	Rs. Cr.	613.34	523.68
Total Income*	Rs. Cr.	86.28	62.98
PAT	Rs. Cr.	1.90	3.13
Net Worth	Rs. Cr.	91.11	83.63
Return on Average Assets (RoAA)	(%)	0.33	0.64
Return on Average Net Worth (RoNW)	(%)	2.18	4.00
Debt/Equity	Times	5.11	4.68
Gross NPA	(%)	1.51	3.83
Net NPA	(%)	1.33	3.51

*Total income equals to Net Interest Income plus other income

Status of non-cooperation with previous CRA (if applicable):

Not Applicable

Any other information

None.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite’s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria “Complexity Level Of Financial Instruments” on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
29 Feb 2024	Proposed Bond	Long Term	50.00	ACUITE BBB- Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	50.00	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	12.67	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	1.19	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	0.32	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	3.94	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	8.08	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	12.35	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	18.75	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	21.21	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	10.41	ACUITE BBB- Stable (Reaffirmed)
	Non-Convertible Debentures (NCD)	Long Term	11.08	ACUITE BBB- Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	50.00	ACUITE BBB- Stable (Assigned)
	Proposed Non Convertible Debentures	Long Term	150.00	ACUITE BBB- Stable (Assigned)
17 Oct 2023	Cash Credit	Long Term	4.00	ACUITE Not Applicable (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	16.00	ACUITE Not Applicable (Withdrawn)
	Non-Convertible Debentures (NCD)	Long Term	100.00	ACUITE Not Applicable (Withdrawn)
	Non-Convertible Debentures (NCD)	Long Term	100.00	ACUITE Not Applicable (Withdrawn)
12 Dec 2022	Cash Credit	Long Term	4.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	16.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Non-Convertible Debentures (NCD)	Long Term	100.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE01CY077L6	Non-Convertible Debentures (NCD)	19 Apr 2024	11.00	19 May 2025	8.33	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077T9	Non-Convertible Debentures (NCD)	19 Apr 2024	11.50	19 Apr 2026	5.18	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077R3	Non-Convertible Debentures (NCD)	19 Apr 2024	12.00	19 Apr 2027	17.72	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077P7	Non-Convertible Debentures (NCD)	19 Apr 2024	12.50	18 Apr 2029	18.73	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077U7	Non-Convertible Debentures (NCD)	19 Apr 2024	0.00	19 May 2025	7.68	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077O0	Non-Convertible Debentures (NCD)	19 Apr 2024	0.00	19 Apr 2026	3.59	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077N2	Non-Convertible Debentures (NCD)	19 Apr 2024	0.00	19 Apr 2027	2.36	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077S1	Non-Convertible Debentures (NCD)	19 Apr 2024	11.75	19 Apr 2026	0.30	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077M4	Non-Convertible Debentures (NCD)	19 Apr 2024	12.25	19 Apr 2027	1.34	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077Q5	Non-Convertible Debentures (NCD)	19 Apr 2024	0.00	19 Dec 2029	9.76	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077V5	Non-Convertible Debentures (NCD)	31 May 2024	0.00	30 Jun 2025	1.18	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077W3	Non-Convertible Debentures (NCD)	31 May 2024	12.00	31 May 2027	3.72	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077X1	Non-Convertible Debentures (NCD)	31 May 2024	0.00	31 Jan 2030	0.64	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077Y9	Non-Convertible Debentures (NCD)	31 May 2024	0.00	31 May 2027	0.63	Simple	ACUTE BBB- Stable Reaffirmed
		Non-Convertible						ACUTE

Not Applicable	INE01CY077Z6	Debentures (NCD)	31 May 2024	0.00	31 May 2026	0.15	Simple	BBB- Stable Reaffirmed
Not Applicable	INE01CY078A7	Non-Convertible Debentures (NCD)	25 Jun 2024	0.00	25 Feb 2030	0.54	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078B5	Non-Convertible Debentures (NCD)	25 Jun 2024	12.00	25 Jun 2027	1.61	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078C3	Non-Convertible Debentures (NCD)	25 Jun 2024	0.00	25 Jun 2027	1.34	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078D1	Non-Convertible Debentures (NCD)	23 Jul 2024	0.00	23 Mar 2030	0.70	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078E9	Non-Convertible Debentures (NCD)	23 Jul 2024	0.00	23 Jul 2027	1.60	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078F6	Non-Convertible Debentures (NCD)	23 Jul 2024	12.00	23 Jul 2027	2.12	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078I0	Non-Convertible Debentures (NCD)	19 Aug 2024	12.00	19 Aug 2027	1.98	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078H2	Non-Convertible Debentures (NCD)	19 Aug 2024	0.00	19 Aug 2027	0.33	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078G4	Non-Convertible Debentures (NCD)	19 Aug 2024	0.00	19 Apr 2030	0.50	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078L4	Non-Convertible Debentures (NCD)	04 Oct 2024	12.25	04 Oct 2028	1.87	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078M2	Non-Convertible Debentures (NCD)	04 Oct 2024	0.00	04 Oct 2028	1.03	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY078K6	Non-Convertible Debentures (NCD)	04 Oct 2024	0.00	04 Jun 2030	0.38	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077K8	Non-Convertible Debentures (NCD)	14 Dec 2023	0.00	14 Aug 2029	12.67	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077C5	Non-Convertible Debentures (NCD)	14 Dec 2023	12.25	14 Dec 2026	1.19	Simple	ACUTE BBB- Stable Reaffirmed
Not Applicable	INE01CY077I2	Non-Convertible Debentures (NCD)	14 Dec 2023	11.75	12 Dec 2025	0.32	Simple	ACUTE BBB- Stable

Not Applicable	INE01CY077J0	Non-Convertible Debentures (NCD)	14 Dec 2023	12.50	14 Dec 2026	3.94	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077F8	Non-Convertible Debentures (NCD)	14 Dec 2023	12.00	12 Dec 2025	8.08	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077H4	Non-Convertible Debentures (NCD)	14 Dec 2023	11.50	14 Jan 2025	12.35	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077E1	Non-Convertible Debentures (NCD)	14 Dec 2023	12.50	14 Dec 2028	18.75	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077B7	Non-Convertible Debentures (NCD)	14 Dec 2023	12.00	14 Dec 2026	21.21	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077G6	Non-Convertible Debentures (NCD)	14 Dec 2023	11.50	12 Dec 2025	10.41	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	INE01CY077D3	Non-Convertible Debentures (NCD)	14 Dec 2023	11.00	14 Jan 2025	11.08	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Bond	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.69	Simple	Reaffirmed ACUITE BBB- Stable Reaffirmed

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