RATING RATIONALE

29 July 2026

Kosamattam Finance Ltd

Brickwork Rating assigns a rating of additional proposed NCDs of Rs. 22 Crores and reaffirms the rating of the NCDs amounting to Rs. 418.10 Crores of Kosamattam Finance Ltd (KFL)

Particulars:

Instruments*	Amount Rs. Crs.		Tenure	Rating#	
	Previous	Present		Previous (16 July 2026)	Present
NCD	83.03	**71.22**	Long Term	BWR A+/Stable (Upgraded)	**BWR A+/Stable (Reaffirmation)**
NCD	168.52	**168.52**	Long Term	BWR A+/Stable (Upgraded)	**BWR A+/Stable (Reaffirmation)**
Proposed NCD	178.36	**178.36**	Long Term	BWR A+/Stable (Upgraded)	**BWR A+/Stable (Reaffirmation)**
Proposed NCD	0.00	**22.00**	Long Term	-	**BWR A+/Stable (Assignment)**
Total	429.91	**440.10**	**Rupees Four Hundred Forty Crores and Ten Lakhs Only**		

#Please refer to BWR website **www.brickworkratings.com** for definition of the ratings assigned
*Instrument details are furnished in Annexure-II
**Reduction in NCD amount is on account of redemption on its maturity as per the Issuer's notification to Stock Exchanges and the Debenture Trustee confirmation on redemption in full.

RATING ACTION / OUTLOOK: ASSIGNMENT/REAFFIRMATION/STABLE

Brickwork Ratings assigns the rating for additional proposed NCDs of Rs. 22 Crores and reaffirms the rating for the NCDs of Rs. 418.10 Crores of Kosamattam Finance Ltd, at 'BWR A+/Stable', as tabulated above.
The assignment/reaffirmation of the rating factors in the continued focus of the company in the gold loan segment, steady growth in the loan book over the last few years upto FY26 while aligning with the regulatory changes, stable asset quality reflected through decline in slippages and assured recoveries, improved income and profits, comfortable capitalization and healthy liquidity profile, apart from the vast experience of the promoters and their established track record in the gold loan business. The rating is, however, constrained by the competitive nature of the industry and volatility in the product prices, impacting the yields, cost of borrowings, and NIMs; however, an improvement in the ROA and ROE will be the credit positives in a competitive environment. A stable outlook indicates a low likelihood of a rating change over the medium term.

BWR particularly notes that the continued improvement in the company's overall performance of the company was also seen during the year - FY26, substantial growth across the key parameters exceeding its projections for FY26, Assets under Management growth of more than 35% on yoy basis to Rs.7698.40 crores, stable asset quality with improvement in GNPA ratio at 1.2% and NNPA ratio at 0.49% (as against 1.37% and 0.46% respectively, as of 31 March 2025), strong growth in Income by 25% on yoy basis to Rs.1128.82 crores and profitability by 45% on a yoy basis to Rs.184.74 crores, for FY26, comfortable capitalisation levels with CRAR of 19.23% and liquidity with LCR of 138%, as of 31 March 2026. Going forward, maintaining the above momentum, with a comfortable gearing and improved cost of borrowings shall be monitorables.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:
The instruments rated are secured, listed, and redeemable non-convertible debentures with fixed coupon rates. The company had raised the NCDs in series under multiple tranches, with variable maturity dates. The Company plans to raise NCDs of Rs. 200.00 crores by utilising the existing rated proposed NCDs of Rs. 178.36 Crores and the additional proposed NCDs of Rs. 22.00 crores. Key terms are captured as per Annexure II

KEY RATING DRIVERS

Credit Strengths:-

Experienced promoters with an established track record:
The Kosamattam group has over four decades of experience in providing loans against gold jewellery. Mr. Mathew K Cherian is the present Chairman and Managing Director of Kosamattam Group and is a fourth-generation entrepreneur in the family. He is supported by an experienced board of directors and management. The company's board consists of 3 independent directors. The company has expanded its network across South India and operates in 991 branches as of date. Loan Book has consistently grown in the last few years to Rs 7,698 crores as on 31 March 2026.

Growing scale of operations with a broad resource base:
The Company's scale of operations has depicted continuous growth, with AUM increasing from Rs 2973 crores as on 31 Mar 2020 to Rs 5688 crores as on 31 Mar 2025 to Rs 7,698 crores as on 31 Mar 2026, with 99% gold loan exposure. The company, during FY26, had made an average disbursement of ~Rs. 1800 crores and is gradually increasing its monthly disbursements with a proportionate increase in collections over the near to medium term. KFL continues to have an adequately diversified resource profile for the scale of its business. The collections for FY26 were stable and have improved from last year. KFL's continued ability to raise debt resources at competitive rates and the promoters' ability to infuse capital, as and when required to support growth, would be the key credit positives.
While it has diversified its funding base by adding more banking partners and issuing NCDs, a substantial portion of existing bank borrowings was in the form of term loans with shorter duration, limiting its growth and need for consistent funding, at a variable rate of interest. To mitigate this, the company has initiated the issuance of long-term privately placed NCDs, in addition to its ongoing public NCD issuances. This move will enhance the company's ability to build, maintain, and grow its gold loan book with better stability while easing the short-term repayment obligations.

Improving asset quality, while collections remain monitorables:
The GNPA ratio improved from 1.44% in FY24 to 1.37% in FY25 to 1.20% in FY26. The Net NPA moved from 0.52% in FY24 to 0.46% in FY25 to 0.49% in FY26. The Company maintained a healthy PCR (stage 3 assets) of 66.2%. Further, its gold loan portfolio, being a secured book, has recourse of

auction to recover its dues; hence, the asset quality movement reflects the asset classification in line with regulatory norms. BWR notes that the <=0 DPD collections were at 98.08% for FY26, as against 96.75% for FY25, indicating an improvement in its current collections. Maintaining these levels on a forward-looking basis shall be monitorable over the medium term.

Credit Risks:-

Inherent risks associated with gold loans:
Being a gold loan finance company, KFL is exposed to inherent risks such as price fluctuation of Gold, operational risks such as theft, burglary, fraud, and intensive competition. However, the Company maintains its LTV to mitigate the possibility of losses and conduct auctions in a timely manner.

Geographical and Product concentration risk:
KFL's loan portfolio is largely concentrated with 97.51% of total loans to southern states of India, and the fact that ~99% of the loans are gold loans, exposes the company to geographical and product concentration risks. However, the Company has been expanding its operations within those states by increasing the number of branches to ~1030. As a part of its growth strategy, the company plans to expand its branch network by opening 30 to 40 new branches in locations outside Kerala. This geographic expansion will enable the company to tap into new markets. Going forward, the ability of the company to diversify geographically will be monitorable.

Average Earnings, despite growth in AUM and asset quality:
During FY26, the growth in AUM and improvement in asset quality supported the growth in income and profitability. As of FY26, the Company's total income increased by 25.36% to Rs. 1128.82 Crs (FY25: Rs. 900.43 Crs). The increase was mainly on account of an increase in the interest income from the growth in the gold loan book. The net profit after tax (PAT) improved by 45.40% to Rs. 184.74 Crs in FY26 (FY25: Rs. 127.06 Crs). With growth in AUM and an improvement in the asset quality, the NIMs are better than the previous year. The NIM increased from 6.42% in FY25 to 7.25% in FY26. An improvement in the overall earnings profile, along with continued improvement in other business parameters, shall be credit positives and monitorables over the medium term.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA: STANDALONE
For arriving at this rating, BWR has considered the standalone financial profile of KFL and applied its rating methodology as detailed in the Rating Criteria below (hyperlinks provided at the end of this rationale)

RATING SENSITIVITIES

Positive:

- Substantial growth in AUM and profitability over the company's projections over the medium term,
- Sustained improvement in asset quality with GNPA ratio below 1%, vis-a-vis the industry average, will be the key rating positives.

Negative:

- Substantial deterioration in asset quality with the GNPA ratio above 3.0%,
- Increase in gearing levels above 6.5x and
- Substantial shortfall in profitability over its estimates, or lower than the previous year, will be the key rating negatives.

LIQUIDITY INDICATORS: ADEQUATE

As of 31 March 2026, the company had adequate liquidity. There is unencumbered cash and bank balance of Rs. 199.47 crores. It also had unutilized bank lines of Rs. 82.79 crores. The Liquidity Coverage Ratio (LCR) stood at 138.56% as at 31 March 2026, well above the minimum regulatory requirements of 100%. The company has average monthly collections of Rs. 1,700 crores as against the repayment obligations of around Rs. 1,600 crores for the next 12 months, indicating adequate liquidity.

COMPANY PROFILE

Kosamattam Finance Ltd (KFL), a non-deposit taking NBFC registered with the RBI, and is a part of the Kosamattam group. The group was founded by Mr. Chacko Varkey in 1927, with the main activity being the chit fund business. In 1980, the group ventured into the gold loan business under Mr. Mathew Cherian (grandson of Mr. Chacko). In 2004, the group acquired an already established gold loan NBFC in Kerala called 'Standard Shares and Loans Pvt. Ltd. and changed its name to Kosamattam Finance Private Ltd. Apart from Gold loans, the Company also offers other products such as Loan against property, Microfinance loans, Business Loans, and Kisan Credit. KFL is also an RBI authorized Money Changer and offers forex services like buying and selling foreign currency and remittance abroad through SWIFT & foreign currency Demand Drafts. Kosamattam Finance Ltd has a total of 991 branches.

Environmental, Social and Governance (ESG)

The company demonstrates an Adequate ESG profile based on its environmental, social, and governance practices. The ESG profile for financial sector entities typically factors governance as a key differentiator.

Environmental: Environmental evaluation considers lending restrictions on environmentally sensitive sectors (if applicable) and the extent of support for green or sustainable-financing products.

Social: Social assessment covers employee welfare initiatives, diversity and inclusion practices, women workforce, and financial-inclusion measures. customer service and grievance-resolution systems, data privacy and information-security measures, and community development or CSR initiatives.

Governance: Governance analysis includes the effectiveness of investor and stakeholder grievance-redressal mechanisms, the structure and independence of the board (with independent directors), adherence to regulatory and ethical standards, and workforce-governance policies promoting fairness and equity.

KEY FINANCIAL INDICATORS- (Standalone)

Key Financial Indicators	Units	FY24	FY25	FY26
Result Type		**Audited**	**Audited**	**Audited**
Total Loan Portfolio	Rs. in crores.	5310.35	5688.08	7698.40
Total Income	Rs. in crores.	858.93	900.43	1128.82
PAT	Rs. in crores.	113.70	127.06	184.74
GNPA	Per cent	1.44	1.37	1.20
NNPA	Per cent	0.52	0.46	0.49
CRAR	Per cent	18.42	18.78	19.23
Networth	Rs. in crores.	927.57	1062.84	1285.74
Gearing	Times	5.39x	4.97x	5.39x
ROA	Per cent	2.00	2.05	2.23

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:
There was no non-cooperation with the other CRAs

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sr. No	Instrument /Facilities	Current Rating			Rating History			
		Tenure	**Amount Rs Cr**	**Rating 29 Jul 2026**	**2026**	**2025**	**2024**	**2023**
1	NCD	Long Term	71.22	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Upgraded) 16-Jul-2026 Rs.83.03 Crs	**19-Jul-2025** BWR A-/Stable (Upgraded with revision in Outlook from Positive to Stable) (Rs 539.46 Crs)	**26-Jul 2024** BWR BBB+/ Positive (Reaffirmed) (Rs. 903.37 Crs)	**28-Jul 2023** BWR BBB+/ Positive (Reaffirmed) (Rs. 1135.38 crs)
2	NCD	Long Term	168.52	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Upgraded) 16-Jul-2026			
3	Proposed NCD	Long Term	178.36	BWR A+/ Stable (Reaffirmed)	BWR A+/ Stable (Upgraded) 16-Jul-2026			
3	Proposed NCD	Long Term	22.00	BWR A+/ Stable (Assigned)	-	-	-	-
5	Bank Loans	Long Term	0.00	-		-	-	**28-Jul 2023** BWR BBB+/ Positive (Reaffirmed and Withdrawn)

								(Rs. 1371.84 Crs)
	Total		**440.10**		**Rupees Four Hundred Forty Crores and Ten Lakhs Only**			

COMPLEXITY LEVELS OF THE INSTRUMENTS: SIMPLE
For more information, visit **https://www.brickworkratings.com/download/ComplexityLevels.pdf**

Hyperlink/Reference to applicable Criteria:

- General Criteria
- Approach to Financial Ratios
- NBFC

Analytical Contacts	
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Kosamattam Finance Limited
ANNEXURE-I
Details of Bank Loan Facilities rated by BWR: NA

ANNEXURE – II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount 18 Jul 2025 Rs Crs	Coupon Rate %	Maturity Date	ISIN Particulars	O/s as on 13 Jul 2026 Rs Crs	O/s as on 27 Jul 2026 Rs Crs	Coupon Servicing Frequency	Complexity
NCD 21	23-Jan-21	11.81	*10.71*	22-Jul-26	INE403Q07BR3	11.81	0.00	Cumulative	Simple
NCD 21	23-Jan-21	12.04	*10.25*	22-Jan-28	INE403Q08217	12.04	12.04	Monthly (Last day of every month)	Simple
NCD 21	23-Jan-21	15.93	*10.41*	22-Jan-28	INE403Q08225	15.93	15.93	Cumulative	Simple
NCD 22	29-Apr-21	11.32	*10.25*	28-Oct-26	INE403Q08233	11.32	11.32	Monthly (Last day of every month)	Simple
NCD 22	29-Apr-21	14.53	*10.41*	28-Apr-28	INE403Q08241	14.53	14.53	Cumulative	Simple
NCD 23	30-Sep-21	26.59	*10.22*	29-Nov-25	INE403Q07CC3	0.00	0.00	Cumulative	Simple
NCD 23	30-Sep-21	0.31	*9.0*	29-Sep-27	INE403Q07CH2	0.31	0.31	Monthly (Last day of every month)	Simple
NCD 23	30-Sep-21	17.09	*10.41*	29-Sep-28	INE403Q07CD1	17.09	17.09	Cumulative	Simple
sub total A		**109.62**				**83.03**	**71.22**		
NCD 25	11-Aug-22	14.55	*8.5*	10-Aug-25	INE403Q07CR1	0.00	0.00	Monthly (Last day of every month)	Simple
NCD 25	11-Aug-22	58.88	*9.0*	10-Aug-25	INE403Q07CS9	0.00	0.00	Cumulative	Simple
NCD 25	11-Aug-22	9.53	*9.0*	10-Feb-26	INE403Q07CT7	0.00	0.00	Monthly (Last day of every month)	Simple
NCD 25	11-Aug-22	114.74	*9.5*	10-Aug-26	INE403Q07CU5	114.74	114.74	Monthly (Last day of every month)	Simple
NCD 25	11-Aug-22	26.8	*9.43*	10-Feb-27	INE403Q07CV3	26.8	26.8	Cumulative	Simple
NCD 25	11-Aug-22	2.77	*9.25*	10-Aug-27	INE403Q07CW1	2.77	2.77	Monthly (Last day of every month)	Simple
NCD 25	11-Aug-22	24.21	*9.91*	10-Dec-29	INE403Q07CX9	24.21	24.21	Cumulative	Simple
Subtotal B		**251.48**				**168.52**	**168.52**		
O/s NCDs (A+B)		**361.10**				**251.55**	**239.74**		
Proposed NCDs		**178.36**	**-**	**-**	**-**	**178.36**	**178.36**	**Not raised**	Simple
Proposed NCDs		**0.00**	**-**	**-**	**-**	**0.00**	**22.00**	**Not raised**	Simple
Total							**440.10**		

Note: The aforesaid table captures the outstanding and redeemed NCDs since the last review of 16 Jul 2026 and 18 Jul 2025
Redeemed NCDs are in grey color
https://www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE – III
List of Entities Consolidated: NA

List of instruments and regulators

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Instrument/Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA-
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) [1]	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)- [1]	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)- [1]	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs - [2]	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme - [3]	-
Issuer Ratings [4]	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	~~MCA~~
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) - [1]	Investor-side Regulator such as IRDAI, PFRDA [5]
Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies [6]	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. The rated instrument may involve the 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 PRs subsequent to issuance(s), BWR shall separately capture the rated quantum details along with the names of respective regulators.
4. There is no instrument being rated, and hence, the Regulator of the Instrument is not applicable.
5. These ratings were assigned during the regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

Grievance Management: For any grievances relating to the rating of instruments regulated by SEBI, please contact **sebigrievance@brickworkratings.com**. 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
For any grievances relating to the rating of instruments regulated by other FSR (Financial Sector Regulators), please contact **grievance@brickworkratings.com**

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Brickwork offers credit ratings of Bank Loan, Non- convertible/convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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