



IIFL Finance Limited

Press Release

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S&P Upgrades IIFL Finance's Outlook to 'Positive' On Recovering Market Share in Gold Loans; 'B+/B' Ratings Affirmed

Credit Rating agency Standard and Poor's (S&P) Global Ratings has revised IIFL Finance's Outlook to 'Positive' from 'Stable' on recovering market share in gold loans, while affirming 'B+/B' ratings. S&P also affirmed its 'B+' long-term foreign currency issue rating on IIFL Finance's outstanding U.S. dollar-denominated senior secured notes.

S&P in its ratings rationale said, "The outlook revision reflects IIFL's strengthening market share in the gold financing business. This is a year after a central bank embargo on the company sanctioning or disbursing fresh gold loans was lifted. We expect IIFL to maintain very strong levels of capitalization over the next 12 months."

"We also anticipate the company's portfolio pruning and reduced exposure to microfinancing will lower its credit costs. We believe IIFL's credit costs will peak this fiscal year (ending March 31, 2026)."

S&P expects IIFL to sustain its growth in gold-backed financing: S&P said, "The Company is benefitting from elevated gold loan prices and robust consumer demand. These factors, together with IIFL's extensive branch network, have helped the company grow its gold loans assets under management (AUM) by 2.2x in the 12 months to Sept. 30, 2025. IIFL's market share in the gold loan segment is now second only to Muthoot Finance Ltd. among nonbank financial institutions in India."

IIFL's very strong capitalization will support growth. "We forecast the company's risk-adjusted capital (RAC) ratio will moderately decline to 18%-19% over the next two years, compared with 20.4% as of March 31, 2025. This reflects our expectation of increased issuance of gold-backed loans and mortgages over the period."



“We expect IIFL's return on assets to improve to 2.3%-2.6% in fiscal years 2027 and 2028, compared with 1.9% annualized for the six months ended Sept. 30, 2025. The improvement in profitability will be primarily driven by lower credit costs.”

S&P anticipates IIFL's credit costs will peak in fiscal 2026: S&P said, “The Company’s credit costs were elevated at 3.5% annualized for the first half of fiscal 2026. This reflects ongoing stress in the microfinance segment and IIFL's offering in the past of riskier products such as micro-ticket loans against property and unsecured digital loans to micro, small, and medium enterprises. The company has since discontinued these products and has reduced exposure to microfinance loans. We therefore expect a gradual improvement in credit costs over the next two years to 2.2%-2.3% of total loans.”

Outlook

S&P said, “Our positive outlook on the long-term issuer credit rating on IIFL reflects our view that the company will strengthen its market share and maintain robust capitalization over the next 12 months.

We believe IIFL's credit costs peaked in fiscal 2026 and will start to decrease. The company will likely maintain its access to funding despite that being sensitive to market confidence.”

The S&P note can be accessed here <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3494252>

About IIFL Finance

IIFL Finance Ltd is one of the leading retail-focused diversified NBFC in India, engaged in the business of loans and mortgages along with its subsidiaries - IIFL Home Finance Limited and IIFL Samasta Finance Limited. IIFL Finance (*along with its subsidiaries*), offers a wide-spectrum of products such as Home loan, Gold loan, Business loan, Microfinance, Capital Market finance and Developer & Construction finance to a vast customer base of over 8 million+ customers, through its pan India network of 4900+ branches and digital channels.

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