



Press Release

ICL Fincorp Limited (ICLFL)

April 12, 2023

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	100.00	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	Revised and removed from ISSUER NOT COOPERATING category	Simple
Long Term Bank Facilities – Term Loans	20.47 (decreased from 25.00)	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	Revised and removed from ISSUER NOT COOPERATING category	Simple
Long term Bank Facilities – Proposed	25.00	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	Revised and removed from ISSUER NOT COOPERATING category	Simple
Total	145.47 (Rs One Hundred Forty Five Crores and Forty Seven Lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating was migrated to ISSUER NOT COOPERATING category as ICL Fincorp Limited (ICLFL) had not submitted all the required information for surveillance within the stipulated timelines. Subsequently, ICLFL has cooperated and provided the information necessary to complete the rating review leading to removal of the rating from ISSUER NOT COOPERATING category.

The rating revision to the bank loan facilities and Non-Convertible Debentures of ICL Fincorp Limited (ICLFL) continues to derive comfort from the experienced board of directors and management team, adequate capitalisation and average asset quality. However, ratings are



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constrained by product and geographic concentration risk, low profitability and provision coverage ratio and lack of diversity in resource profile.

Key Rating Sensitivities:

Upward Factor:

- Substantial scaling up its operations, while maintaining healthy asset quality, capital position, liquidity, and profitability.

Downward Factor:

- Movement in the collection efficiency which impacts the asset quality significantly thereby increasing the credit cost for the Company.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experienced board and management team

ICLFL's management is headed by the company's Chairman and Managing Director Mr. K G Anil Kumar, who has more than two decades of experience in the financial services industry. The company's board of directors consists of experienced professionals from different fields such as banking, finance, accounting, law, business administration, media and communications.

Average asset quality

ICLFL is primarily a gold loan finance company with an asset under management (AUM) of Rs 344.89 Crores as of FY22 (at Rs 301.64 Crores in FY21). The company has achieved consistent portfolio growth, for the last four fiscals. As of FY22, the gold loan product contributed to ~98% of the total portfolio, followed by loans against property, personal loans, small business loans and two-wheeler loans. The asset quality of ICLFL is comfortable, with the gross non-performing assets (NPAs) at 1.89% in FY22 when compared to 1.50% in



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FY21. However, collection efficiency of the company remains low at ~70% for last 12 months ending 31 December 2022.

Adequate capitalisation

ICLFL has an adequate capitalisation profile, with the capital to risk weighted assets ratio (CRAR) at 22.12% as of FY22, compared with the minimum regulatory requirement of 15%. The company's net worth was at Rs 75.84 Crores as on 31 March 2022 and has consistently increased due to profit retention. However, the gearing of the company was high at 4.39x for FY22. The promoters have raised fresh capital of Rs 7.64 Crores through rights issue in January 2023. The company's ability to achieve timely equity infusion and improve the capitalisation profile will be monitorable.

Key Rating Weaknesses

Product and geographic concentration risk

ICLFL being an NBFC, with a 94% portfolio concentration of gold loans, and the remaining portfolio concentration of loans against property, personal loans, small business loans and two-wheeler loans as of 31 March 2022, is exposed to the inherent risks of gold loan NBFCs, severe competition in the industry and the operational challenges of SMEs and two-wheeler finance. As of 31 March 2022, the company had an AUM of Rs 344.89 Crores, spread across six states and 200 branches. The portfolio was primarily concentrated in Kerala (at ~54% of portfolio), followed by Tamil Nadu (~25% of the portfolio) and Telangana (~10% of the portfolio).

Low Profitability and provision coverage ratio

ICLFL profitability remains low with return on assets (ROA) and return on equity (ROE) of 0.50% and 1.72%, respectively, for FY22 (0.43% and 1.78%, respectively, for FY21). The net interest margin has consistently weakened in last 3 years from 18.05% in FY18 to 14.38%. On a provisional basis, The PAT stood at Rs 2.36 Crores for 9MFY23 when



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compared to Rs 0.25 Crores for 9MFY22. Provision coverage ratio for FY22 stood low at 17.38% (12.67% for FY21).

Lack of diversity in resource profile

ICLFL is highly dependent on funding from subordinate debt and retail NCDs and has raised funds through these routes on a private placement basis. However, the company has got a recent sanction of Rs 25 crores term loan from State Bank of India and is in further talks with other banks which will help the company to diversify its funding profile. ICLFL's ability to improve and diversify its resource profile, raise bank loans in a timely manner, and thereby, improve its liquidity profile will be a key monitorable.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Non-Banking Finance companies](#)

[Criteria of assigning rating outlook](#)

Liquidity - Adequate

The company is adequately capitalized with a CAR (%) of 18.99% as on December 31st, 2022, and Networth of Rs 73.67 Crores. Also, it has adequately matched asset liability profile as on Dec 31, 2022 with majority of the portfolio being gold loans (94%) which is short term in nature and borrowings in the form of NCDs which are long term. As on 31 Dec 2022, the company has liquidity of Rs 12.58 Crore. The ALM profile also has no negative cumulative mismatches across various buckets upto 5 years.

About the Company

ICL Fincorp Ltd (ICLFL), based in Thrissur, Kerala, was established in 1991 and started the Non-Banking Financial Corporation (NBFC) operation in 1999. The company acquired a Chennai-based NBFC called Jawahar Finance Company and renamed it as Irinjalakuda Credits and Leasing Company Limited. ICLFL was acquired by the current promoter, Mr K



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G. Anilkumar, in 2004. The company was renamed to ICL Fincorp Ltd in June 2016. The company started lending against consumer durables and later ventured into gold loans in 2013. ICLFL currently offers gold loans (~95% of portfolio), small business loans, personal loans, loans against property and two-wheeler loans. The promoter is also engaged in the real estate, chit funds, and tours and travel businesses through separate companies. ICLFL has a presence across six states namely, Kerala, Tamil Nadu, Karnataka, Telangana, Odisha and Andhra Pradesh.

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Income	75.99	88.53
PAT	1.31	2.02
Tangible Net Worth	73.32	75.84
Total Debt	275.04	333.19
Total Loan Assets	300.48	343.07
Overall Gearing (Times)	3.75	4.39
ROTA (%)	0.43	0.52
Total CAR (%)	19.68	22.12
Gross NPA (%)	1.50	1.89
Net NPA (%)	1.31	1.68

* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: BWR B+ "Issuer Not Co-Operating" with Brickwork ratings since 9 February 2023 and BWR A+ "Issuer Not Co-Operating" with ACUTE ratings since 12 December 2022.

Any other information: N.A.

Rating History for last three years:

Sr.	Name	of	Current Ratings (Year 2023-24)	Rating History for the past 3 years
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No.	Instrument/Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 March 07, 2023	Date(s) & Rating(s) assigned in 2021-22 March 14, 2022	Date(s) & Rating(s) assigned in 2020-21
1.	Non-Convertible Debentures	Long Term	100.00	IVR BB+/Stable	IVR BB/Negative; Issuer Not Co-Operating	IVR BB+/Stable	-
2.	Bank Loan Facilities – Term Loans	Long Term	20.47	IVR BB+/Stable	IVR BB/Negative; Issuer Not Co-Operating	IVR BB+/Stable	-
3.	Proposed Bank Loan Facilities – Term Loans	Long Term	25.00	IVR BB+/Stable	IVR BB/Negative; Issuer Not Co-Operating	IVR BB+/Stable	-

Name and Contact Details of the Rating Analyst:

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Annexure 1: Details of Facilities/Instrument

Name of the Facility/Instrument	ISIN	Date of Issuance	Coupon rate (%)	Maturity/Tenor	Size of the Facility/Instrument (Rs in Crores)	Rating assigned/Outlook
Secured NCDs (Private placement)	INE01CY07A45	6/7/2022	11.00	7/7/2023	0.75	IVR BB+/Stable
	INE01CY07A52	6/7/2022	11.50	7/7/2023	0.50	
	INE01CY07A60	6/7/2022	11.50	7/7/2023	0.68	
	INE01CY07A78	6/7/2022	12.00	7/7/2023	0.52	
	INE01CY07A86	6/7/2022	11.50	6/7/2024	0.25	
	INE01CY07A94	6/7/2022	12.00	6/7/2024	0.62	
	INE01CY07B02	6/7/2022	12.00	6/7/2024	0.16	
	INE01CY07B69	6/7/2022	12.50	6/7/2024	0.22	
	INE01CY07B10	6/7/2022	11.75	6/7/2025	0.28	
	INE01CY07B28	6/7/2022	12.25	6/7/2025	0.52	
	INE01CY07B36	6/7/2022	12.25	6/7/2025	0.08	
	INE01CY07B44	6/7/2022	12.75	6/7/2025	0.04	
	INE01CY07B51	6/7/2022	13.01	2/7/2028	0.77	
	INE01CY07D00	6/20/2022	11.00	7/20/2023	0.40	
	INE01CY07D18	6/20/2022	11.50	7/20/2023	0.23	
	INE01CY07D26	6/20/2022	11.50	7/20/2023	0.25	



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INE01CY07D34	6/20/2022	12.00	7/20/2023	0.39
INE01CY07D42	6/20/2022	11.50	6/20/2024	0.64
INE01CY07D59	6/20/2022	12.00	6/20/2024	1.87
INE01CY07D67	6/20/2022	12.00	6/20/2024	0.19
INE01CY07F57	6/20/2022	12.50	6/20/2025	0.11
INE01CY07D75	6/20/2022	11.75	6/20/2025	2.11
INE01CY07D83	6/20/2022	12.25	6/20/2025	0.80
INE01CY07D91	6/20/2022	12.25	6/20/2025	0.06
INE01CY07E09	6/20/2022	12.75	6/20/2025	0.60
INE01CY07E17	6/20/2022	13.01	2/20/2028	0.38
INE01CY07E66	7/11/2022	11.00	8/11/2023	0.74
INE01CY07E74	7/11/2022	11.50	8/11/2023	0.87
INE01CY07E82	7/11/2022	11.50	8/11/2023	0.80
INE01CY07E90	7/11/2022	12.00	8/11/2023	0.58
INE01CY07E33	7/11/2022	11.50	7/11/2024	0.56
INE01CY07E25	7/11/2022	12.00	7/11/2024	0.56
INE01CY07E41	7/11/2022	12.00	7/11/2024	0.11
INE01CY07E58	7/11/2022	12.50	7/11/2024	0.61
INE01CY07F08	7/11/2022	11.75	7/11/2025	0.45
INE01CY07F16	7/11/2022	12.25	7/11/2025	0.82
INE01CY07F24	7/11/2022	12.25	7/11/2025	0.08
INE01CY07F32	7/11/2022	12.75	7/11/2025	0.21
INE01CY07F40	7/11/2022	13.01	3/11/2028	0.94
INE01CY07F73	8/2/2022	11.00	9/2/2023	0.53
INE01CY07F81	8/2/2022	11.50	9/2/2023	0.76
INE01CY07F99	8/2/2022	11.50	9/2/2023	0.42
INE01CY07G07	8/2/2022	12.00	9/2/2023	0.60
INE01CY07G64	8/2/2022	11.50	8/2/2024	0.53
INE01CY07G72	8/2/2022	12.00	8/2/2024	0.86
INE01CY07G15	8/2/2022	12.00	8/2/2024	0.49
INE01CY07G23	8/2/2022	12.50	8/2/2024	0.51
INE01CY07G31	8/2/2022	11.75	8/2/2025	1.08
INE01CY07G80	8/2/2022	12.25	8/2/2025	1.10
INE01CY07G49	8/2/2022	12.25	8/2/2025	0.21
INE01CY07G56	8/2/2022	12.75	8/2/2025	0.13
INE01CY07F65	8/2/2022	13.01	4/2/2028	0.44
INE01CY07G98	8/23/2022	11.00	9/23/2023	1.13



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INE01CY07H14	8/23/2022	11.50	9/23/2023	0.70
INE01CY07H06	8/23/2022	11.50	9/23/2023	0.44
INE01CY07H22	8/23/2022	12.00	9/23/2023	0.99
INE01CY07H30	8/23/2022	11.50	8/23/2024	0.40
INE01CY07I05	8/23/2022	12.00	8/23/2024	2.02
INE01CY07H48	8/23/2022	12.00	8/23/2024	0.18
INE01CY07H55	8/23/2022	12.50	8/23/2024	0.30
INE01CY07H63	8/23/2022	11.75	8/23/2025	0.96
INE01CY07H71	8/23/2022	12.25	8/23/2025	0.52
INE01CY07H97	8/23/2022	12.25	8/23/2025	0.21
INE01CY07H89	8/23/2022	12.75	8/23/2025	0.08
INE01CY07I13	8/23/2022	13.01	4/23/2028	1.39
INE01CY07I39	9/3/2022	11.00	10/3/2023	0.79
INE01CY07I54	9/3/2022	11.50	10/3/2023	0.39
INE01CY07J20	9/3/2022	11.50	10/3/2023	0.76
INE01CY07J04	9/3/2022	12.00	10/3/2023	0.75
INE01CY07I47	9/3/2022	11.50	9/3/2024	1.02
INE01CY07K19	9/3/2022	12.00	9/3/2024	1.41
INE01CY07J87	9/3/2022	12.00	9/3/2024	0.24
INE01CY07I21	9/3/2022	12.50	9/3/2024	0.24
INE01CY07J12	9/3/2022	11.75	9/3/2025	0.30
INE01CY07K27	9/3/2022	12.25	9/3/2025	1.23
INE01CY07K01	9/3/2022	12.25	9/3/2025	0.07
INE01CY07J95	9/3/2022	12.75	9/3/2025	0.10
INE01CY07J46	9/3/2022	13.01	5/3/2028	0.36
INE01CY07I96	9/26/2022	11.00	10/26/2023	1.74
INE01CY07J38	9/26/2022	11.50	10/26/2023	0.50
INE01CY07K50	9/26/2022	11.50	10/26/2023	1.71
INE01CY07I88	9/26/2022	12.00	10/26/2023	0.53
INE01CY07K35	9/26/2022	11.50	9/26/2024	0.88
INE01CY07I62	9/26/2022	12.00	9/26/2024	0.83
INE01CY07K43	9/26/2022	12.00	9/26/2024	0.25
INE01CY07I70	9/26/2022	12.50	9/26/2024	0.20
INE01CY07K76	9/26/2022	11.75	9/26/2025	1.42
INE01CY07J79	9/26/2022	12.25	9/26/2025	1.83
INE01CY07J61	9/26/2022	12.25	9/26/2025	0.21
INE01CY07L00	9/26/2022	12.75	9/26/2025	0.40



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INE01CY07J53	9/26/2022	13.01	5/26/2028	1.32
INE01CY07O31	10/15/2022	11.00	11/15/2023	0.92
INE01CY07L18	10/15/2022	11.50	11/15/2023	0.45
INE01CY07L26	10/15/2022	11.50	11/15/2023	1.04
INE01CY07L34	10/15/2022	12.00	11/15/2023	0.73
INE01CY07L42	10/15/2022	11.50	10/15/2024	0.51
INE01CY07L59	10/15/2022	12.00	10/15/2024	1.17
INE01CY07L67	10/15/2022	12.00	10/15/2024	0.69
INE01CY07L75	10/15/2022	12.50	10/15/2024	0.38
INE01CY07N73	10/15/2022	11.75	10/15/2025	0.54
INE01CY07N57	10/15/2022	12.25	10/15/2025	1.11
INE01CY07K92	10/15/2022	12.25	10/15/2025	0.58
INE01CY07K84	10/15/2022	12.75	10/15/2025	0.05
INE01CY07K68	10/15/2022	13.01	6/15/2028	0.65
INE01CY07O23	10/31/2022	11.00	11/30/2023	0.27
INE01CY07O49	10/31/2022	11.50	11/30/2023	0.34
INE01CY07N81	10/31/2022	11.50	11/30/2023	0.75
INE01CY07O56	10/31/2022	12.00	11/30/2023	0.24
INE01CY07M58	10/31/2022	11.50	10/31/2024	0.73
INE01CY07M41	10/31/2022	12.00	10/31/2024	0.45
INE01CY07M33	10/31/2022	12.00	10/31/2024	0.52
INE01CY07M25	10/31/2022	12.50	10/31/2024	0.08
INE01CY07M17	10/31/2022	11.75	10/31/2025	1.18
INE01CY07M09	10/31/2022	12.25	10/31/2025	0.83
INE01CY07L91	10/31/2022	12.25	10/31/2025	0.35
INE01CY07L83	10/31/2022	13.01	6/30/2028	0.51
INE01CY07N65	11/15/2022	11.00	12/15/2024	1.12
INE01CY07O15	11/15/2022	11.50	12/15/2024	0.79
INE01CY07O07	11/15/2022	11.50	12/15/2024	1.00
INE01CY07N40	11/15/2022	12.00	12/15/2023	0.88
INE01CY07N32	11/15/2022	11.50	11/15/2024	0.30
INE01CY07N24	11/15/2022	12.00	11/15/2024	1.04
INE01CY07N16	11/15/2022	12.00	11/15/2024	0.25
INE01CY07N08	11/15/2022	12.50	11/15/2024	0.30
INE01CY07M90	11/15/2022	11.75	11/15/2025	1.18
INE01CY07M82	11/15/2022	12.25	11/15/2025	1.75
INE01CY07M74	11/15/2022	12.25	11/15/2025	0.20



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	INE01CY07M66	11/15/2022	12.75	11/15/2025	0.19	
	INE01CY07N99	11/15/2022	13.01	7/15/2028	1.12	
	INE01CY07P63	12/2/2022	11.00	1/2/2024	0.68	
	INE01CY07P55	12/2/2022	11.50	1/2/2024	0.85	
	INE01CY07P89	12/2/2022	11.50	1/2/2024	0.84	
	INE01CY07P71	12/2/2022	12.00	1/2/2024	0.60	
	INE01CY07P30	12/2/2022	11.50	12/2/2024	0.35	
	INE01CY07P22	12/2/2022	12.00	12/2/2024	0.66	
	INE01CY07P14	12/2/2022	12.00	12/2/2024	0.60	
	INE01CY07O98	12/2/2022	12.50	12/2/2024	0.30	
	INE01CY07O80	12/2/2022	11.75	12/2/2025	0.62	
	INE01CY07P06	12/2/2022	12.25	12/2/2025	1.09	
	INE01CY07P48	12/2/2022	12.25	12/2/2025	0.17	
	INE01CY07O72	12/2/2022	12.75	12/2/2025	0.63	
	INE01CY07O64	12/2/2022	13.01	8/2/2028	0.99	
	INE01CY07S03	12/17/2022	11.00	1/17/2024	0.26	
	INE01CY07S37	12/17/2022	11.50	1/17/2024	0.60	
	INE01CY07Q62	12/17/2022	11.50	1/17/2024	0.75	
	INE01CY07Q54	12/17/2022	12.00	1/17/2024	0.47	
	INE01CY07Q47	12/17/2022	11.50	12/17/2024	0.41	
	INE01CY07Q48	12/17/2022	12.00	12/17/2024	0.95	
	INE01CY07Q39	12/17/2022	12.00	12/17/2024	0.45	
	INE01CY07R87	12/17/2022	12.50	12/17/2024	0.45	
	INE01CY07P97	12/17/2022	11.75	12/17/2025	0.58	
	INE01CY07Q13	12/17/2022	12.25	12/17/2025	0.86	
	INE01CY07Q05	12/17/2022	12.25	12/17/2025	0.11	
	INE01CY07Q21	12/17/2022	12.75	12/17/2025	0.10	
	INE01CY07Q70	12/17/2022	13.01	8/17/2028	0.48	
	INE01CY07R20	12/31/2022	11.75	12/31/2025	0.82	
	INE01CY07R12	12/31/2022	12.25	12/31/2025	1.25	
	INE01CY07R04	12/31/2022	12.25	12/31/2025	0.11	
	INE01CY07Q96	12/31/2022	12.75	12/31/2025	0.07	
	INE01CY07Q88	12/31/2022	13.01	8/31/2028	0.57	
Term Loan	-	-	-	May 2025	20.47	IVR BB+/ Stable
Proposed Loans	-	-	-	-	25.00	IVR BB+/ Stable



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details-

<https://www.infomerics.com/admin/prfiles/Len-ICLFincorp-apr23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:
NCD issue of Rs 100 Crores**

Name of the Instrument	Secured Non-Convertible Debentures
Security name	Retail NCDs (Private placement) issued in 4 series with different tenor/coupon rates
Objects of the Issue / Details of the utilization of the proceeds	The proceeds of the issue to be utilized for Capital expenditure/working capital purposes
Amount (Rs in Crores)	100.00
Coupon Rate	11.00 – 13.01%
Coupon payment frequency	Monthly-Annual
Tenor	13 – 68 months
Non - Financial Covenant	Nil
Financial Covenant	Nil

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.