

India Ratings Affirms GREAVES FINANCE's Bank Loan Facilities and NCDs at 'IND A-/Stable; Rates Additional Limits

Aug 26, 2026 | GREAVES FINANCE LIMITED | Non Banking Financial Company (NBFC)

India Ratings and Research Ltd (Ind-Ra) has taken the following rating actions on GREAVES FINANCE LIMITED's (GFL) debt instruments:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	RBI	-	-	-	1,000	IND A-/Stable	Affirmed
Bank loan facilities	RBI	-	-	-	500	IND A-/Stable	Assigned
Non-convertible debentures*	Refer ISIN annexure	-	-	-	2,300	IND A-/Stable	Affirmed
Non-convertible debentures*	Refer ISIN annexure	-	-	-	2,250	IND A-/Stable	Assigned

*Details in annexure

Analytical Approach

Ind-Ra continues to factor in the financial and non-financial support from GFL's parent, Greaves Cotton Ltd (GCL; 'IND AA-/Stable; 100% stake), to arrive at GFL's rating.

Detailed Rationale of the Rating Action

The rating factors in GFL's linkages with and support from its parent, GCL, through regular capital infusions, shared management, and operational integration. The rating further factors in GFL's growing presence in electric two-wheeler (E2W) financing and adequate capitalisation.

The rating, however, is constrained by a moderation in GFL's asset-quality indicators in 1QFY27, the unseasoned nature of its portfolio, which is yet to face various credit cycles, limited operating track record, and modest profitability metrics.

List of Key Rating Drivers

Strengths

- Linkages with and support from parent
- Growing scale in E2W financing
- Adequate capitalisation, supported by parent's capital infusions

Weaknesses

- Moderate asset quality; portfolio performance yet to be established across credit cycles
- Limited track record and modest profitability

- Limited funding profile

Detailed Description of Key Rating Drivers

Linkages with and Support from Parent: GFL derives financial, legal, and governance support from its parent, GCL, which holds a 100% stake. GCL has infused INR1.75 billion into GFL to date, including INR0.5 billion in 1QFY27, and is likely to remain a majority shareholder over the medium term. GFL's board includes the Chief Financial Officer (CFO) and other two key managerial personnel of GCL. Furthermore, GFL benefits from the shared brand name and quick liquidity access from the parent to address contingent funding needs during operational stress. The company also shares compliance functions with GCL, reflecting operational integration within the group. Moreover, GFL complements the group's strategy of establishing a presence across the e-mobility value chain, underscoring its strategic importance to GCL.

Growing Scale in E2W Financing: GFL commenced operations in FY19 as a captive financier for GCL's e-mobility business. GFL could manage portfolio quality for E2W, but faced challenges with electric three-wheeler (E3W) collections. These challenges were mainly due to collection issues with dealerships, COVID-19 -related disruptions, and a high turn-around time. Thus, the company stopped disbursing E3W loans in 2023. Furthermore, GFL revamped its strategy by developing digital processes known as *evfin* for E2W. Since 2023, it has broadened its presence in the E2W segment by onboarding additional original equipment manufacturer (OEM) partners, taking the total count to 12 in June 2026 (June 2025: 10).

GFL follows an internal OEM evaluation framework, comprising over 150 assessment parameters before onboarding new partners. The company's assets under management (AUM) increased to INR5.62 billion in June 2026 (FY26: INR5.25 billion; FY25: INR2.59 billion), including the on-book portfolio of INR3.01 billion (excluding the legacy E3W portfolio). The portfolio is diversified across 13 states and 86 cities, with Kerala, Karnataka, Telangana, and Tamil Nadu together accounting for 70.8% of the total. Moreover, Ather, River, and Ola together accounted for 85.2% of the outstanding portfolio as of June 2026. Disbursements improved to INR4.47 billion in FY26 (FY25: INR2.52 billion), with INR1.02 billion disbursed in 1QFY27. As per the management, disbursements are likely to improve in 2HFY27, led by the festive season and favourable demand trends in the E2W segment. GFL's ability to expand its geographic footprint, strengthen co-lending partnerships, and maintain portfolio performance while scaling up operations is a key rating monitorable.

Adequate Capitalisation, Supported by Parent's Capital Infusions: GFL's capitalisation is adequate, supported by periodic capital infusions from its parent, GCL, which has infused around INR1.75 billion to date, including INR0.50 billion in 1QFY27. With these infusions, GFL's tangible net worth increased to INR1.42 billion in June 2026 (FY26: INR1.003 billion; FY25: INR0.78 billion). Consequently, its Tier I capital ratio improved to 42.9% in June 2026 (March 2026: 37.2%). The capital infusions have also supported the company's leverage, with gearing (debt-to-tangible net worth) at 1.9x in June 2026 (FY26: 1.94x). GFL's capital position provides adequate buffer to support near-term business growth, and its leverage (debt/tangible equity) is likely to increase to around 3.0x over the medium term, in line with its planned portfolio expansion.

Moderate Asset Quality; Portfolio Performance Yet to be Established Across Credit Cycles: GFL's on-book portfolio increased to 56% of the total in June 2026 (FY26: 50%), as it discontinued co-lending with its existing partner. The company plans to increase the share of its on-book portfolio to around 70% by March 2027, and to 90% over the long term. The 90+dpd ratio for GFL's E2W's portfolio (originated from FY23) increased to 3.14% in June 2026 (FY26: 2.8%; FY25: 1.5%). Furthermore, the 90+dpd ratio for AUM (including the E3W legacy portfolio of INR0.08 billion) was 7.6% in June 2026 (FY26: 8.0%). The deterioration in asset quality in the E2W segment is primarily attributable to the stress in the portfolio of one OEM partner, which accounted for around 18% of the overall portfolio in June 2026.

The provision coverage ratio on AUM was low at 25.0% in June 2026 (FY26: 27.5%). The credit cost to AUM was 1.01% in 1QFY27 (FY26: 1.31%; FY25: 1.20%). The company has its own in-house 21-membered team for collections from early delinquency buckets. Furthermore, to support collections from deeper delinquency buckets, GFL has tied up with external collection agencies across its operating geographies. The company started disbursements in the E2W segment in FY23 and has significantly scaled disbursements since FY26. Given the average loan tenure of around 2.5 years in the E2W segment, the portfolio is largely unseasoned. As the company continues to scale-up operations, the portfolio has yet to see multiple credit cycles. Therefore, GFL's ability to maintain asset quality and manage credit costs while increasing the share

of the on-book portfolio is a key monitorable.

Limited Track Record and Modest Profitability: As GFL is in a growth phase, it has high operating expenses and low profitability. However, operating expenses as a percentage of average AUM moderated to 6.2% in 1QFY27 (FY26: 7.4%; FY25: 12.8%), supported by the company's increasing scale. Furthermore, it reported a profit after tax (PAT) of negative INR0.02 billion in 1QFY27 (FY26: profit before tax (PBT) of negative INR0.05 billion; FY25: PAT of negative INR0.08 billion). However, the company reported a PAT of INR0.02 billion in FY26, factoring in the deferred tax assets of INR0.07 billion. A decline in other operating income and higher interest expenses impacted GFL's profitability in 1QFY27. Other operating income as a percentage of average AUM declined to 2.6% in 1QFY27 (FY26: 4.3%; FY25: 5.3). The company's ability to scale up the business while improving the asset quality and achieving and maintaining profitability on a sustained basis is a key monitorable.

Limited Funding Profile: GFL's funding profile is concentrated, with borrowings sourced from nine lenders as of June 2026. The company's total borrowings were INR2.67 billion in June 2026, comprising largely market borrowings, with non-convertible debentures (NCDs) accounting for around 70% of the borrowing mix and term loans the rest. The average cost of borrowings was 10.8% in 1QFY27 (FY26: 10.5%; FY25: 11.2). The company is likely to raise incremental borrowings to support its planned portfolio growth, while maintaining leverage within 3x. The company's ability to broaden its lender base, increase its share of bank borrowings, and maintain access to funding at competitive rates while supporting business growth is a key monitorable.

Liquidity

Adequate: GFL had cash and cash equivalents of INR0.89 billion in June 2026, against debt-repayment obligations of INR0.26 billion over the next three months. As per the asset-liability statement as of June 2026, the company had cumulative positive surplus across all tenor buckets. As a policy, the company maintains liquidity equivalent to 45 days of debt obligations and operational payouts at any point of time. Furthermore, the company benefits from a INR0.5 billion line of credit from its parent, in case of exigencies.

Rating Sensitivities

Positive: A significant improvement in the scale of operations and profitability, while maintaining adequate liquidity and capitalisation, all on a sustained basis, and maintaining strong linkages with the parent could lead to a positive rating action.

Negative: The following factors will, collectively or individually, lead to a downward rating action:

- a weakening of the linkages with the parent
- deterioration in the parent's credit profile
- deterioration in GFL's standalone credit profile
- debt-to-tangible equity above 3x, on a sustained basis

Any Other Information

Not applicable

ESG Issues

Not applicable

About the Company

GFL is a non-banking financial company and a wholly owned subsidiary of GCL. It focuses on providing financing solutions for electric vehicles through its dedicated platform, evfin. GFL operates in 86 cities and 13 states/union territories and had an AUM of INR5,620.5 million in June 2026. GFL has tied up with 12 OEMs.

Key Financial Indicators

Particulars (INR billion)	1QFY27 (Provisional)	FY26	FY25
Total assets	4.29	3.09	0.92
Total tangible equity	1.42	1.00	0.78
Net profit	-0.019	0.015	-0.079
Debt to tangible equity	1.89	1.94	0.09
Tier 1 capital (%)	42.90	37.20	86.70
AUM (incl. legacy book)	5.62	5.25	2.59
Source: GFL, Ind-Ra			

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (INR million)	Current Rating	25 March 2026	19 September 2025	01 April 2025	10 February 2025
Non-convertible debentures	Long-term	4,550	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	-
Bank loan facilities	Long-term	1,500	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable	IND A-/Stable

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: 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.

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low
Non-convertible debentures^	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Instrument Type	ISIN	Regulator of instruments	Date of Issuance	Coupon Rate (%)	Maturity Date	Rating/Outlook	Outstanding/Rated Amount (INR million)
NCDs	INE1QWF07014	SEBI	29 September 2025	10.5	29 September 2027	IND A-/Stable	250
NCDs	INE1QWF07022	SEBI	25 April 2025	11.5	30 April 2027	IND A-/Stable	300
NCDs	INE1QWF07063	SEBI	26 May 2026	10.5	26 May 2028	IND A-/Stable	500
NCDs	INE1QWF07030	SEBI	20 October 2025	10.5	20 October 2027	IND A-/Stable	250
NCDs	INE1QWF07071	SEBI	29 June 2026	10.5	29 June 2028	IND A-/Stable	200
NCDs	INE1QWF07048	SEBI	23 December 2025	10.5	23 December 2027	IND A-/Stable	250
NCDs	INE1QWF07089	SEBI	29 June 2026	10.5	29 September 2028	IND A-/Stable	150
NCDs	INE1QWF07055	SEBI	30 January 2026	10.5	30 March 2028	IND A-/Stable	250
Limit utilised							2,150
Limit unutilised		SEBI					2,400
Total							4,550
Source: GFL, NSDL							

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Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Rating FI Subsidiaries and Holding Companies

The Rating Process

Evaluating Corporate Governance

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