

July 07, 2026

## Bhala Finance Private Limited: [ICRA]BBB- (Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund-based bank facilities	250.00	[ICRA]BBB- (Stable); assigned
NCD programme	50.00	[ICRA]BBB- (Stable); assigned
<b>Total</b>	<b>300.00</b>	

\*Instrument details are provided in Annexure II; NCD – Non-convertible debenture

### Rationale

The rating takes into consideration Bhala Finance Private Limited's (Bhala Finance) currently adequate capitalisation profile. The company raised ~Rs. 10 crore in FY2026 (~Rs. 11 crore in FY2025), augmenting its net worth to Rs. 55 crore as on March 31, 2026. Consequently, it was able to maintain its managed gearing at 3.7 times as on March 31, 2026 (3.5 times as on March 31, 2025) despite its high pace of growth, albeit on a low base. Nonetheless, given the scale and growth plans, Bhala Finance would require equity capital at regular intervals to maintain a prudent capitalisation profile. ICRA takes note of the company's plans to raise further equity capital in the near term and the same shall remain monitorable.

The rating also factors in the company's satisfactory profitability profile. Credit costs also remained under control, though the same continues to be monitorable, given limited portfolio seasoning. ICRA expects a gradual improvement in the operating efficiency and profitability as Bhala Finance scales up its operations. However, maintaining the credit quality would remain key for a sustained earnings performance.

The rating is constrained by the company's moderate scale and geographically concentrated operations. Bhala Finance achieved assets under management (AUM) of Rs. 228 crore as on March 31, 2026 (Rs. 166 crore as of March 2025), increasing at a 5-year compound annual growth rate (CAGR) of 53%. Despite this, its operations remain modest. Moreover, its operations are largely focussed on Rajasthan (96% of AUM as of March 2026). Also, given the high pace of growth, portfolio seasoning is low and the asset quality is yet to be established. Further, Bhala Finance primarily caters to low- and middle-income individuals and families, which are more vulnerable to economic downturns due to their limited financial buffers to absorb external shocks.

The Stable outlook reflects ICRA's expectation that the company will continue to maintain an adequate capitalisation profile while scaling up its operations and gradually improving its earnings profile.

### Key rating drivers and their description

#### Credit strengths

**Adequate capitalisation profile to support near-term growth** – Bhala Finance is adequately capitalised with a net worth of Rs. 55 crore and a managed gearing of 3.7 times as on March 31, 2026, which shall support near-term growth. Its capital-to-risk weighted assets ratio (CRAR) of 25.8%, as on March 31, 2026, was well above the regulatory capital requirement. The capital base remains funded entirely by the promoter, with capital support from the promoters and their relatives at regular intervals, the latest being ~Rs. 10 crore in FY2026 (Rs. 11 crore in FY2025). Nonetheless, given the scale and growth plans, the company would require equity capital at regular intervals to maintain a prudent capitalisation profile. ICRA takes note of Bhala Finance's plans to raise further equity capital in the near term for managing growth and the same shall remain monitorable.

**Satisfactory earnings profile; scope for improving operating efficiency** – The company’s profitability profile improved from FY2024, supported by the growth in scale. Operating expenses stood at 4.9-5.2% of average managed assets (AMA) in the last three years owing to continued investments in business expansion. Credit costs also remained under control, though the same continues to be monitorable, given limited portfolio seasoning. The earnings profile was satisfactory with the company reporting a net profit of Rs. 4.5 crore, translating to a return of 2.0% on AMA in FY2026 compared to Rs. 3.6 crore and 2.4%, respectively, in FY2025. ICRA expects a gradual improvement in the operating efficiency and profitability as it continues to scale up its operations, though maintaining the credit quality would remain key for a sustained earnings performance.

### Credit challenges

**Limited portfolio seasoning and relatively vulnerable borrower profile** – The reported gross non-performing assets (NPAs) stood at 1.7% as on March 31, 2026. However, ICRA notes that a sizeable part of the company’s portfolio grew over the last few years, leading to a limited track record for the majority of its portfolio in relation to the loan tenor. Given the high pace of growth, portfolio seasoning is low and the asset quality is yet to be established. Further, Bhala Finance primarily caters to low- and middle-income individuals and families, many of whom rely on informal or undocumented sources of income. This borrower segment tends to be more vulnerable to economic downturns due to their limited financial buffers to absorb external shocks. In this regard, Bhala Finance’s ability to control its asset quality remains monitorable as it scales up its portfolio over the near-to-medium term.

**Moderate scale and geographically concentrated operations** – Since commencing operations in 2018, the company achieved AUM of Rs. 228 crore as on March 31, 2026 (Rs. 166 crore as of March 2025), increasing at a 5-year CAGR of 53%. Despite this, its operations remain modest. Moreover, it is geographically concentrated with operations largely focussed on Rajasthan (96% of AUM as of March 2026), particularly Jaipur (41% of AUM as of March 2026). Bhala Finance commenced operations in Madhya Pradesh in FY2025 and plans to expand to other geographies in FY2027. ICRA expects geographical diversity to improve gradually as it scales up its operations, though it will remain concentrated in Rajasthan in the near-to-medium term.

### Liquidity position: Adequate

As on March 31, 2026, the company held a free cash & bank balance and liquid investments of ~Rs. 30 crore. As per the asset-liability management statement as on March 31, 2026, Bhala Finance had scheduled inflows from advances of Rs. 94 crore against scheduled debt repayments of Rs. 88 crore during April 2026 to March 2027. The presence of sanctioned unutilised funding lines also supports its liquidity profile. Factoring in the expected collections from advances, free on-book liquidity and undrawn lines, the liquidity profile is expected to remain sufficient to meet the debt obligations in a timely manner.

### Rating sensitivities

**Positive factors** – A significant improvement in the scale while maintaining healthy asset quality, capitalisation and profitability could positively impact the rating.

**Negative factors** – Weakening in the company’s asset quality or earnings profile on a sustained basis or an increase in its gearing levels (managed gearing beyond 5 times) shall exert pressure on the rating.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Non-banking Finance Companies (NBFCs)</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

Bhala Finance Private Limited, incorporated in 2015 and headquartered in Jaipur (Rajasthan), is a non-banking financial company that commenced operations in 2018. It provides loans to micro, small and medium enterprises (MSMEs), particularly in Tier 2 and Tier 3 cities. Promoted by Mr. Ramakant Bhala and Mr. Harsh Bhala, the company offers products such as mortgage loans against residential and commercial properties, business loans, and vehicle loans. Bhala Finance reported assets under management (AUM) of ~Rs. 228 crore as of March 2026, which is managed through a network of 46 branches spread across Rajasthan and Madhya Pradesh.

## Key financial indicators

Bhala Finance	FY2024	FY2025	FY2026
Total income	14.8	28.2	41.8
Profit after tax (PAT)	2.1	3.6	4.5
Total managed assets	111.6	190.5	267.8
Return on managed assets	2.5%	2.4%	2.0%
Managed gearing (times)	3.1	3.5	3.7
Capital-to-risk weighted assets ratio	37.1%	27.4%	25.8%
Gross NPA	1.4%	1.5%	1.7%

Source: Company; Amount in Rs. crore; Managed assets = Total assets + Off-book portfolio; Managed gearing = (On-book borrowings + Off-book portfolio)/Net worth

## Status of non-cooperation with previous CRA: Not applicable

Any other information: None

## Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 07, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Long-term fund-based bank facilities	Long term	250.00	[ICRA]BBB-(Stable)						
NCD programme	Long term	50.00	[ICRA]BBB-(Stable)	-	-	-	-	-	-

## Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA

13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. no.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term bank facilities – Fund based	Simple
NCD programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure II: Instrument details**

ISIN	Instrument name	Date of issuance/Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term fund-based facilities programme	Jun 2022 – Mar 2026	10.00-13.80%	Sep 2026 – Dec 2030	250.00	[ICRA]BBB- (Stable)
INE14X007031	NCD	Mar-27-2026	13.25%	Aug-20-2028	12.50	[ICRA]BBB- (Stable)
NA	NCD – Yet to be issued	NA	NA	NA	37.50	[ICRA]BBB- (Stable)

Source: Company; NA – Not applicable

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure III: List of entities considered for consolidated analysis**

Not applicable

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## ICRA Limited

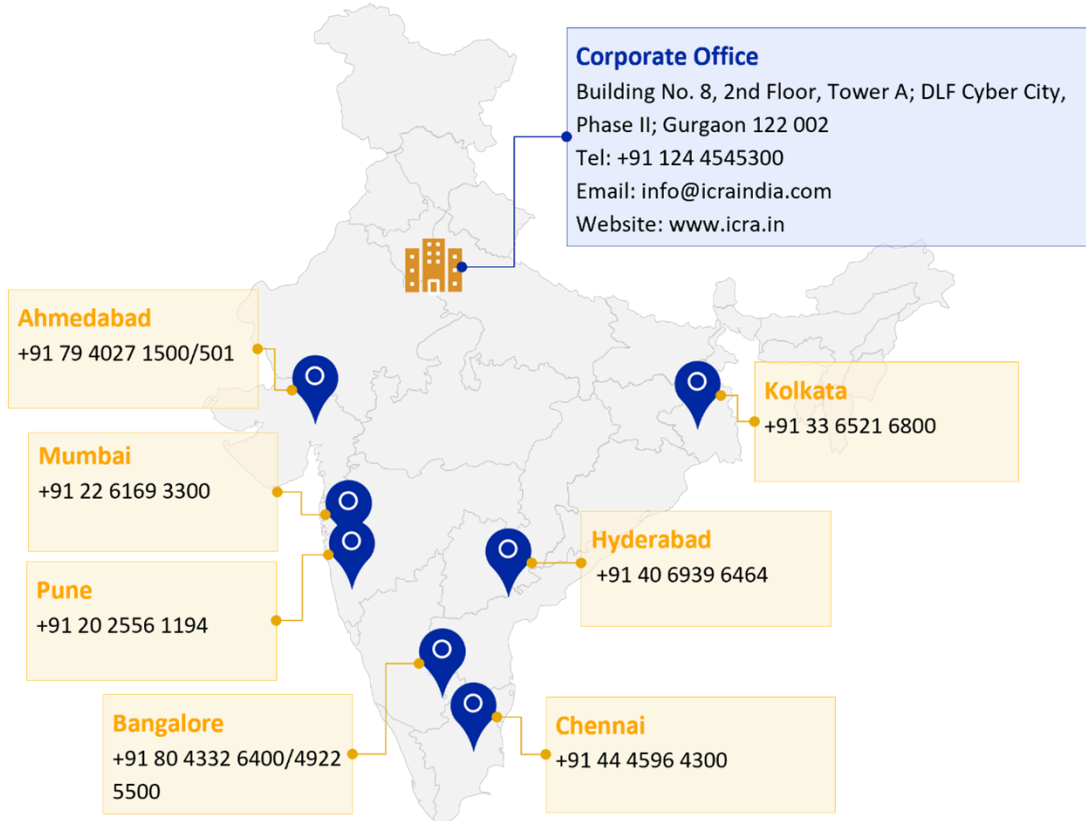


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