



Press Release

VFS Capital Limited

August 19, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund Based - Long Term Bank Facilities – Term Loans	506.59 (Reduced from 679.58)	IVR A-/ Stable (IVR Single A Minus; with Stable Outlook)	IVR A-/ Stable (IVR Single A Minus; with Stable Outlook)	Rating reaffirmed	Simple
Proposed Fund Based - Long Term Bank Facilities	593.21 (Increased from Rs 420.42 crore)	IVR A-/ Stable (IVR Single A Minus; with Stable Outlook)	IVR A-/ Stable (IVR Single A Minus; with Stable Outlook)	Rating reaffirmed	Simple
Total	1,100.00 Rupees One Thousand One Hundred Crore Only				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has reaffirmed its ratings assigned to the bank loan facilities of VFS Capital Limited (VFSCCL) as it continues to derive comfort from comfortable capitalisation, stable financial profile and asset quality and experienced management team. However, the ratings are constrained by geographical concentration and inherent risks associated with MFI Industry coupled with intense competition.

The 'Stable' outlook indicates sustained improvement in scale of operations and profitability in the short to medium term. IVR believes VFSCCL's will continue to grow its loan book on the back of comfortable capitalisation and established track record.

Key Rating Sensitivities:

Upward Factors



Press Release

- Substantial and sustained growth in AUM with geographical diversification while maintaining healthy capitalisation, profitability and asset quality.

Downward Factors

- Adverse movements in collection efficiency resulting in increased credit costs.
- Substantial deterioration in AUM levels, profitability, capitalisation levels, liquidity and asset quality.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Comfortable capitalisation

VFSCCL has maintained a comfortable capitalisation as reflected by CRAR of 28.61% for FY25 (refers to period April 1st, 2024, to Mar 31, 2025) (25.97% for FY24), tangible Networth of Rs 220.66 crore (Rs 204.74 Crore in FY24) and gearing of 2.56x (FY:2.94x) as on March 31, 2025. Networth has increased on account of plough back of profits.

Stable financial profile.

Given the headwinds faced by the MFI industry and the new guardrails issued by MFIL to control the borrowers indebtedness, the AUM growth was muted in FY25 and stood at Rs 948.34 Crore (Rs 942.30 Crore in FY24) which includes Rs 658.20 Crore of own book portfolio, Rs 254.19 Crore of BC portfolio and Rs 35.95 Crore of managed loan book. For FY25, company reported total income of Rs 194.00 Crore and PAT of Rs 16.05 crore when compared to total income of Rs 178.85 Crore and PAT of Rs 22.94 crore for FY24. Total income and PAT stood at Rs 49.70 crore and 2.77 crore respectively in Q1FY25. Profitability declined in FY25 mainly on account of higher credit costs and interest costs. NIM remained healthy at 10.46% for FY25 (FY24:9.83%). AUM growth stagnated in FY25 due to conscious decision taken by the company to slow down disbursements given the headwinds faced by MFI industry.



Press Release

Stable asset quality

Despite the headwinds faced by MFI industry, VFSCCL has managed to keep its collection efficiency ~98% in the last year. VFSCCL though remains exposed to risks associated with the MFI business, was able to maintain stable asset quality given its stringent credit appraisal process and loan monitoring systems. The GNPA decreased to 2.14% in FY25 from 2.20% in FY24. However, NNPA for FY25 was nil as the company provided 100% provisioning. VCCL's ability to sustain and improve the asset quality amidst growing AUM and maintain field discipline will be key rating monitorable.

Experienced Management team

VFSCCL promoters are engaged in the microfinance business since 2006 and have received NBFC-MFI registration from RBI in September 2013. Presently, VFSCCL is managed by six directors governing body headed by Mr. Ajit Kumar Maity (Chairman) and Mr. Kuldip Maity (Managing Director and CEO). Mr. Ajit Kumar Maity has an experience of around four decades while Mr. Kuldip Maity has an experience of over two decades in the microfinance sector. The directors are supported by a team of experienced and qualified personnel in managing the day-to-day operations of the company.

Key Rating Weaknesses

Geographical concentration risk

Despite VFSCCL operating in 15 states across India, VFSCCL is exposed to geographical concentration risk with West Bengal contributing to ~71% of AUM as on 31 March 2025. Going forward, the ability of the company to reduce its exposure in West Bengal and uniformly grow its AUM across all states will be a key rating monitorable.

Inherent risks associated with MFI industry coupled with intense competition.

VFSCCLs product diversification remains low with the concentration primarily being in the microfinance segment. Also, the company's portfolio remains relatively risky, given the unsecured nature of the same. Unsecured lending to the marginal borrower profile and the political and operational risks associated with microlending may result in high volatility in the asset quality indicators. The microfinance industry is prone to socio-political and operational



Press Release

risks, which could negatively impact the company's operations and thus its financial position as has been seen during the pandemic coupled with severe competition by other NBFCs and Banks.

Analytical Approach: Standalone

Applicable Criteria:

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

[Policy on Default Recognition and Post – Default Curing Period](#)

[Criteria of assigning Rating Outlook.](#)

[Complexity level of rated instruments/Facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

Liquidity: Adequate

VFSCSLs liquidity remains adequate given the lower tenure of loans extended when compared to long tenured loans availed. As on 31 March 2025, VCCL has adequately matched ALM profile with no negative cumulative mismatches across all the buckets. Also, the company has cash and bank balance of Rs 13.74 crore and sanctions in hand of Rs 36.50 crore, which provides additional liquidity cushion as on 31 March 2025.

About VFS Capital Limited

Incorporated in June 1994, VFS Capital Ltd. (VFSCSL; formerly known as Village Financial Services Ltd.) is a Kolkata, West Bengal based NBFC- MFI. It started microfinance activity in 2006 and got registered with RBI as NBFC-MFI in September 2013. VFSCSL provides financial services to poor women for income generation activities. It operates through Joint Liability Group (JLG) lending model. Beside direct lending, the company had also entered into a partnership to work as a Business Correspondence (BC) with various banks and financial institutions.



Press Release

Financials (Standalone)*:

Rs in Crores

For the year ended/As on*	31-03-2024	31-03-2025
	(Audited)	(Audited)
Total Income	178.85	194.00
PAT	22.94	16.05
AUM	942.30	948.34
Tangible Network	204.76	220.66
Total debt	602.69	565.27
<u>Ratio's</u>		
NIM (%)	9.83	10.46
ROTA (%)	2.68	1.97
Interest Coverage (Times)	1.37	1.24
Total CRAR (%)	25.97	28.61
Gross NPA [Stage III] (%)	2.20	2.14
Net NPA [Stage III] (%)	0.00	0.00

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 (03 October 2023)	Date & Rating(s) assigned in 2022-23
1.	Fund Based -Bank Loan Facilities – Term Loans	Long Term	506.59	IVR A-/Stable	IVR A-/Stable (25 September 2024) IVR A-/Stable (3 October 2024)	IVR A-/Stable	-



Press Release

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 (03 October 2023)	Date & Rating(s) assigned in 2022-23
					2024) IVR A-/Stable (3 June 2024)		
2.	Proposed Fund Based -Bank Loan Facilities – Term Loans	Long Term	593.21	IVR A-/Stable	IVR A-/Stable (25 September 2024) IVR A-/Stable (3 October 2024) IVR A-/Stable (3 June 2024)	IVR A-/Stable	-

Analytical Contacts:

Name: Amey Joshi

Tel: (022) – 6239 6023

Email: amey.joshi@infomerics.com

Name: Sree Harsha

Tel: (022) – 6239 6023

Email: sree.harsha@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit



Press Release

ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	Up to June 2027	506.59	IVR A-/Stable
Proposed Term Loan	-	-	-	593.21	IVR A-/Stable
Total				1,100.00	

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-VFS-Capital-19aug25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable



Press Release

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.