



Press Release

IIFL Samasta Finance Limited (IIFL Samasta)

March 24, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Proposed Non-Convertible Debentures (NCDs)	100.00	IVR AA/Stable (IVR Double A with Stable Outlook)	-	Rating assigned	Simple
Total	100.00 (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 assigned its rating to the proposed Non-Convertible Debentures (NCDs) as it derives comfort from strong linkages with IIFL Finance Limited (parent company), healthy AUM levels albeit moderation during 9MFY25, experienced management, comfortable capitalisation and diversified resource profile. However, the rating strengths are partially offset by average asset quality due to headwinds in the MFI Industry and pressure on profitability.

“Stable” outlook reflects Infomerics expectations of improvement in disbursements and asset quality over FY26 and FY27 on the back of comfortable capitalisation and established track record of the company.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in AUM with improvement in asset quality while maintaining liquidity and capitalization.

Downward Factors

- Substantial deterioration in disbursements leads to decline in overall AUM levels.
- Weakening of linkages with IIFL and/or weakening of credit profile of IIFL.

List of Key Rating Drivers with Detailed Description



Press Release

Key Rating Strengths

Strong Linkages with IIFL Finance Ltd

IIFL Samasta has strong linkages with its parent company, IIFL Finance Ltd which holds 99.56% of the stake in the company. IIFL Samasta contributes to ~16% of consolidated AUM of the group. Both entities share common directors, and IIFL provides managerial support to IIFL Samasta. Since acquisition of IIFL Samasta in 2016, IIFL Finance Ltd has infused capital of Rs 1,340.00 crore. Additionally, IIFL continues to offer tangible and committed support to the company whenever needed. According to the management, IIFL Samasta represents a strategic investment of IIFL Finance Ltd, as it allows the group to maintain its presence in the Microfinance Institution (MFI) industry.

Comfortable capitalisation

IIFL Samsata's capitalisation remains comfortable on the back of consistent capital infusion by IIFL Finance Ltd. As on 31 December 2024, IIFL Samasta has total CRAR of 32.23%, tangible Networth of Rs 2,029.97 crore and gearing of 2.60x in 9MFY25 (FY24: 23.99%, Rs 2,009.72 crores and 4.48x respectively). Infomerics expects the capitalisation levels to remain comfortable over the medium term on the back of the ability of the parent company to infuse additional capital infusion as and when required as demonstrated in the past.

Healthy AUM levels albeit moderation in 9MFY25

Due to ongoing stress in MFI industry on account lower collection efficiency due to rising unemployment in rural areas and repayment difficulties in rural area. Industry also impacted due to over leveraging among MFI borrowers. During FY24 and H1FY25, collection efficiency was also impacted due to general elections and heat wave across the country. IIFL Samasta had taken a cautious approach and curtailed fresh disbursements which had impact on the AUM growth with MFI book witnessing a degrowth of 12% to Rs 11,493.73 crores in 9MFY25 from Rs 14,211.28 crore in FY24 (Period refers to 01st April 2023 to 31st March 2024). However, the management has informed that the collection efficiency and disbursements have improved post Q3FY25, and the trend is expected to gain further momentum in FY26.



Press Release

Diversified resource Profile

IIFL Samasta has a diversified resource profile as on 31 December 2024 with borrowing mix comprising of bank loans (63%), capital market instruments (23%), refinance (8%) and securitisation (6%). The company's average borrowing cost as on 31 December 2024 stood at 10.42% and given the linkages with IIFL Finance Ltd, IIFL Samasta is able to raise debt at a competitive rate.

Key Rating Weaknesses

Average asset quality

IIFL Samasta's asset quality deteriorated in 9MFY25 with GNPA and NNPA increasing to 5.00% and 0.60% respectively in 9MFY25 when compared to GNPA and NNPA of 1.90% and 0.30% respectively in FY24. The deterioration in asset quality is due to events such as heatwaves, elections, and field-level attrition and overleveraging in certain geographies, for which the Microfinance Institutions Network (MFIN) has recently issued guardrails. Going forward, the ability of the company to improve the collection efficiency and maintain healthy asset quality amidst growing AUM will be a key rating monitorable.

Pressure on profitability

Given the stress faced by MFI industry and adoption of ECL method for provisioning under Ind AS, the company had to provide higher provisions which stood at Rs 663.45 crore for 9MFY25 when compared to Rs 415.90 crore for FY24. This has impacted the profitability of the company with IIFL Samasta reporting PAT of Rs 290.14 crore for 9MFY25 when compared to PAT of Rs 503.05 crore for FY24.

Infomerics expects the profitability of the company to improve in FY26 with improving trends in collection efficiency and disbursements with rationalisation of costs.

Exposure to regulatory & socio-political risks inherent in the industry

MFI industry is highly prone to regulatory risks & socio-political risks mainly on account of its unique collateral free debt nature. Earlier events like demonetization, COVID and environmental changes have largely affected the industry and recently the general elections and other external factors, where the collection efficiencies of the MFI's were severely



Press Release

impacted. However, given the market potential due to demand of micro loans in rural segments, Infomerics expects revival of the MFI sector in due course.

Analytical Approach: Standalone

Infomerics has analysed the standalone financial profile of the company to arrive at its ratings and have adopted parent/group support criteria considering the common directors between IIFL Samasta and IIFL Finance Ltd (Parent company), shared brand name and strong financial and operation synergies with the parent company. IIFL Finance Ltd has also committed to provide tangible support to the entity on an ongoing basis.

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 \(Financial Sector\)](#)

[Parent & Group Criteria](#)

Liquidity – Strong

IIFL Samasta's liquidity remains strong with Networth of Rs 2,029.97 crore and cash & cash equivalents, unencumbered FDs of Rs 817.13 crore (Rs 457.13 crore of cash and bank balances and Rs 360.00 crore of unencumbered fixed deposits) as on 31 December 2025 against total debt obligation of Rs 953.22 crore till June 2025. Also, the ALM profile as on 31 Dec 2024 had positive cumulative mismatches across various buckets.

About the Company



Press Release

IIFL Samasta, an NBFC - MFI, is a majority-owned subsidiary of IIFL Finance Ltd. IIFL Samasta started operations in March 2008 by taking over Colanac Finance Ltd, an NBFC. It follows the standard Grameen Bank model and lends to groups of five. The centres have 25-30 members. IIFL Finance acquired significant stake in IIFL Samasta in fiscal 2017, which stood at 99.56% as on 31 December 2024.

Financials (Standalone):

For the year ended* / As on	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Income	1753.51	2770.03
PAT	128.18	503.04
Tangible Net worth	1322.15	2009.72
AUM	10,552.24	14,211.28
Ratios		
NIM (%)	9.25	11.10
ROTA (%)	1.72	5.12
Interest Coverage (times)	1.27	1.75
Total CRAR (%)	17.14	23.99
Gross NPA [Stage III] (%)	2.12	1.91
Net NPA [Stage III] (%)	0.83	0.34

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Proposed NCDs	Long Term	100.00	IVR AA/ Stable	-	-	-

Analytical Contacts:

Name: Sree Harsha	Name: Amey Joshi
Tel: (022) 62396023	Tel: (022) 62396023
Email: sree.harsha@infomerics.com	Email: amey.joshi@infomerics.com



Press Release

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 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.

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Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Listing Status	Rating Assigned/ Outlook
Proposed NCDs	-	-	-	-	100.00	Proposed to be listed	IVR AA/Stable



Press Release

Annexure 2: Facility wise lender details: Not Applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Indicative term sheet for the proposed NCDs of Rs 100.00 crore

Security Name	IIFL Samasta – Secured Redeemable Non-Convertible Debentures
Issuer	IIFL SAMASTA FINANCE LIMITED (Erstwhile Samasta Microfinance Limited)
Type of Instrument	Secured Rated Listed Redeemable Non-Convertible Debentures (the “Debentures”)
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private Placement
Issue Size	Rs. 100.00 crore
Objects of the Issue / Purpose for which there is requirement of funds	Onward lending and general corporate purpose
Coupon Rate	TBD
Coupon Payment Frequency	Annual, Fixed
Tenor	TBD

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

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.