

All you need to know about

IIFL SAMASTA FINANCE LIMITED

Face Value:
INR 1000

Issue Size:
INR 1,000 Cr

Bid Lot & Size:
**10 NCDs & IN MULTIPLES
 OF 1 NCD THEREAFTER**

Credit Rating

CRISIL: AA- POSITIVE

ACUITE: AA STABLE

Issue Opens: 4th December 2023, Monday | Issue Closes: 15th December 2023, Friday

Issue Details	Public Issue of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of Face Value Rs. 1000 each aggregating Up To Rs. 1000 Crore
Lead Managers	JM Financial Limited IIFL Securities Limited Nuvama Wealth Management Limited Trust Investment Advisors Private Limited
Debenture Trustee	Beacon Trusteeship Limited
Credit Rating Agency	CRISIL Ratings Limited Acuite Ratings & Research Limited
Statutory Auditor	M/s Brahmayya & Co.
Registrar	Link Intime India Private Limited

Issue Structure

Months / Tenure	24	24	36	36	60	60
Interest Frequency	Monthly	Annual	Monthly	Annual	Monthly	Annual
Coupon	9.21%	9.60%	9.57%	10.00%	10.03%	10.50%
Eff. Yield	9.59%	9.59%	9.99%	9.99%	10.49%	10.49%

This document summarizes a few key points related to the issue and should not be treated as a comprehensive summary. Investors are requested to refer to the Draft Shelf Prospectus for further details regarding the issue, the issuer company and the risk factors before taking any investment decision. Please note that investment in securities is subject to risks including loss of principal amount and past performance is not indicative of future performance. Nothing herein constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so. This document is not intended to be an advertisement and does not constitute an invitation or form any part of any issue for sale or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.



Company Overview

IIFL Samasta Finance Limited is a systematically important Non-Banking Finance (non - deposit accepting or holding) Company - micro Finance Institution (NBFC MFI) in India that offers innovative and affordable financial products to women who are enrolled as members and organized as Joint Liability Group ("JLG") from unbanked sections in society including encompassing cultivators, agricultural laborers, vegetable and flower vendors, cloth traders, tailors, craftsmen, as well as household and industrial workers across rural, semi urban and urban areas in India. The Company is a subsidiary of IIFL Finance Limited. It offers wide range of loans tailored for underserved individuals who lack access to traditional banking services and includes income generation loans ("IGL") (to establish a new enterprise or expand an existing business), top-up loans, loan against property, micro enterprise loan, Lifestyle and Family Welfare loans such as dairy cattle loan, sanitation and hygiene, acquisition of daily-use items like cook stoves, water purifiers, solar lights, mobile phones, and other products that enhance their way of life. Going beyond its financial services, the Company also provides non-financial services, including life and hospicash insurance, along with financial counseling, ensuring comprehensive support for its valued customers. It focuses predominantly on customers in rural areas in India, who largely lack access to the formal banking sector and present a latent opportunity for offering micro-loans. The company has followed a strategy of contiguous branch expansion across regions. As of September 30, 2023, it has presence in 1,485 branches in 21 states and one union territory in India through 14,286 employees (including trainees), serving an active customer base of 27.20 lakh, as of September 30, 2023.

Objects of the Offer

The NCDs will be issued in one or more tranches up to the Shelf Limit, as specified in the relevant tranche prospectus for each tranche issue. At least 75% of the net proceeds are proposed to be financed for the purpose of onward lending, financing / refinancing the existing indebtedness of the Company, and/or debt servicing (payment of interest and/or repayment / prepayment of interest and principal of existing borrowings of the Company) and the balance for general corporate purposes.

Consistent Track Record of Financial Performance

(₹ in crore)	6 months period ended 30 th Sept 2023	FY23	FY22
Gross AUM	12,195.93	10,552.12	6,483.84
Net Interest Margin(%)	9.41%	9.15%	8.80%
Net Interest Income	857.46	1,159.25	617.69
Profit After Tax	232.97	128.18	50.60
Disbursement	5,566.19	10,213.77	5,710.24



Competitive Strengths

Customer-centric business model resulting in high customer retention

As of September 30, 2023, IIFL Samasta Finance Limited has served 27.20 lakh active customers. It believes that its customer-centric business model allows it to retain a high proportion of its existing customers and attract new customers. During the past three Fiscals, its focus has been on retaining its existing borrowers, while consciously adding new borrowers, with a deep rural focus. The Company follow a multi-pronged approach to customer engagement, which comprises the following key elements:

- **Product offerings across the entire customer life-cycle:** It offers a diverse product suite that caters to the entire customer life cycle of its customers. It provides loans that are relevant for critical needs of its customers throughout their lifespan, which helps in generating loyalty amongst its existing customers and in attracting new customers.
- **Tailor-made product offerings providing flexibility to customers:** Its products are built on a robust understanding of the requirements of its customers and the flexibility of its products, and the manner of their delivery differentiates it from its competitors. The company set borrowing limits for each of its customers based on their loan cycles and the number of years for which they have been its customers and provide them the flexibility to borrow within the limit for several specified purposes, depending on their individual needs.
- **Focus on customer engagement:** The company follows a predominantly fortnightly collection model, which enables a high degree of customer engagement. Whilst the majority of its customers are on a fortnightly collection model, it also offers a monthly collection model based on their needs.
- **Customer support and timely grievance resolution:** The company gives utmost importance to customer service and provides timely customer support and grievance resolution to its clientele.

Extensive distribution network through calibrated, contiguous branch expansion

IIFL Samasta Finance Limited believes that its extensive distribution network (especially in the rural areas), built through a contiguous branch expansion strategy, provides it with significant scale and diversification advantages. It carries out its contiguous expansion strategy methodically whereby it aims to expand to the next (typically adjoining) branch and ensures wide coverage in a particular state within 3 years of commencement of operations. This approach encompasses three key aspects: geographical deepening (in prevalent network), geographical expansion (in untapped regions) and implementation of improved monitoring and the control measures at branches with a significant portfolio size. As of September 30, 2023, it has presence in 21 states and one union territory (Puducherry) in India through 1,485 branches and 10,802 loan officers. The company's operations are well diversified at the branch level, wherein its AUM has grown by 62.75% from ₹ 6,483.84 crore as of March 31, 2022 to ₹ 10,552.12 crore as of March 31, 2023.

Robust customer selection and risk management policies resulting in healthy asset quality

IIFL Samasta Finance Limited follows robust customer selection and risk management policies, which has resulted in healthy asset quality and lower credit costs. As a financial intermediary, it is exposed to risks pertaining to its lending business and the environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously improved and adapted to the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape.

Diversified borrowing profile and effective asset-liability management

Over the years, IIFL Samasta Finance Limited has developed a diversified funding profile, maintained long-term relationships with its lenders and established a track record of timely servicing its debt obligations. As an NBFC-MFI, it has access to diverse sources of liquidity, such as term loans from banks, financial institutions and non-banking financial companies, proceeds from loan assets assigned and securitized, cash credit, subordinated debt and proceeds from the issuance of NCDs to meet its funding requirements. This enables it to optimize its cost of borrowings, funding and liquidity requirements, capital management and asset liability management. This have allowed the company to gain better access to cost-effective debt financing.



Strategies Going Forward

Expanding loan product offerings

IIFL Samasta Finance Limited has expanded its loan products portfolio. New loan products have been designed to meet the specific and emerging financial needs of its customers. It has also introduced higher ticket size loans to cater to those customers looking to undertake substantial financial endeavors. Additionally, in order to support customers to recognizing the aspiration of many to own a vehicle, its two-wheeler loans are tailored to be accessible and convenient to its customers who intend to own their own vehicle with ease and affordability. In the realm of lifestyle enhancement, its consumer durable loans are crafted to make modern, high-quality appliances and gadgets attainable, allowing its customers to upgrade their living experience without financial strain. Each of its new offerings is based on deep understanding of its customers' evolving needs and shows its commitment to being a versatile and responsive financial partner.

Strengthening its market position

To fortify its market position, a multi-faceted approach anchored in geographical expansion, diversified offerings, and enhanced accessibility is being meticulously executed. IIFL Samasta Finance Limited is intensifying its presence by opening new branches within existing states, a strategic move designed to bring its bespoke financial solutions closer to a broader spectrum of customers, ensuring that their diverse financial needs are met with precision and convenience. Its

geographical horizon is extending to embrace new territories; stepping into states like Andhra Pradesh, Telangana, Punjab, and Haryana marks a significant milestone in its journey of expansion. Each new branch is not just a point of service but a hub of personalized financial solutions, cementing its reputation as a brand synonymous with reliability, versatility, and excellence. Complementing its geographical outreach, the introduction of higher ticket size loans, two-wheeler loans, and consumer durable loans is a testament to its commitment to evolving with its customers' needs. These tailored offerings are designed to encapsulate the diverse financial aspirations of its clientele, positioning it as a one-stop-shop for comprehensive financial assistance.

Expansion of branch network

IIFL Samasta Finance Limited has an extensive presence spanning 21 states in India that includes Andhra Pradesh, Arunachal Pradesh, Assam, Karnataka, Maharashtra, Madhya Pradesh, Tamil Nadu, Kerala, Odisha, Punjab, Chhattisgarh, Goa, Bihar, Jharkhand, Gujarat, Rajasthan, Haryana, Telangana, Tripura, Uttar Pradesh and West Bengal) and one union territory (Puducherry) through 1,485 branches and 10,802 loan officers, as of September 30, 2023. It will continue to focus on expanding its network by contiguous expansion in the prevalent States and shall be strategically foraying into newer States for future growth.

Increased focus on rural customers

IIFL Samasta Finance Limited has maintained its focus on growing its rural customer base and intends to continue to do so going forward. Focus is to strengthen its position by tapping into this underserved market and is well placed to capitalize on its strategy of having an extensive penetration in the Indian rural markets. IIFL Samasta Finance Limited intends to continue penetrating deeper in the states and districts where it currently has operations and expand its footprint into other areas that have limited or no access to formal banking and finance channels. It will continue to evaluate the offerings at its branches and customize its products to the needs and demands of its customers in the region in which its branches are located and correspondingly update existing operations and resources in different territories.



Risks

- The company is mandated to comply strictly with the applicable regulations, guidelines and directions specified by RBI or any other regulatory body and maintain robust internal control systems. Any non-compliance or adverse situation can cause significant reputational risks and impact its business operations.
- Like other NBFCs, this company too is exposed to some degree of liquidity risk due to possible asset liability mismatch or inability to manage interest rate and other risks effectively.
- Microfinance loans are unsecured and are susceptible to various operational and credit risks. This may result in increased levels of NPAs, thereby adversely affecting its business.
- Loans due within two years currently account for a large part of its interest income, and any significant reduction in these loans may result in a corresponding decrease in its interest income.

For complete list of risk factors kindly refer to the Draft Shelf Prospectus.

Disclaimer:

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