INDIA DEBT CAPITAL MARKET SUMMIT

February 2018

TRUST

In Partnership. With Trust.

NBFCs:

Transforming India's Financial Landscape

INDIA DEBT CAPITAL MARKET SUMMIT

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Foreword

As the Indian economy continues its growth trajectory to emerge among the top five economies in the world, the importance of the financial markets for achieving this growth cannot be undermined. With the banking system experiencing constraints for incremental growth, the role of the Indian Debt Capital Market (DCM) and especially the Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs) and Microfinance Institutions (MFIs) becomes very critical. By adopting the right strategies, these institutions can become important catalysts that fuel the economic growth of the country.

Continuing our endeavour of bringing innovation to the Indian DCM, we aim to bring all stakeholders together to discuss the key issues on a common platform of **TRUST India Debt Capital Market Summit**. The Summit will focus on key segments viz. NBFCs, HFCs, MFIs and Small Finance Banks (SFBs).

We are pleased to present this compendium which will highlight the current trends in the NBFC sector, identify the key growth drivers as well as highlight challenges faced by the sector. The compendium also includes a brief profile of the leading NBFCs highlighting the key attributes of their business.

The importance of the NBFC sector in the overall financial system of the country has grown manifold with the overall portfolios witnessing a healthy growth trajectory. Today, some of the large NBFCs have portfolios which are greater than some banks clearly highlighting the growth witnessed in the sector. The increasing importance of the sector is also reflected in the fact that NBFCs accounted for 16% of the overall systemic credit as on March 2017. In addition to the stellar growth witnessed in their traditional stronghold of auto and retail loans, NBFCs have grown their portfolio across product segments like infrastructure, structured credit, real estate as well as housing finance.

During the last two-three years, NBFCs witnessed a stress in asset quality due to subdued business environment, moderation in asset creation, increasing delinquencies; and as a result lower profitability. However, with the growth momentum in the economy being sustained, funding activity has picked up across various sectors; though borrowing costs which had reduced post demonetisation have inched up again. Additionally, challenges faced by the banking system due to capital constraints, has given NBFCs a unique growth opportunity to consolidate their market position. It is also prudent to note that the competition has increased significantly with the entry of newer players across business segments who are utilizing technology to scale up their operations.

As NBFCs work towards having a sustained and profitable growth, it will also be imperative for them to focus on managing their asset liability profiles which will be critical to maintaining their profitability. Achieving a balanced mix of funding through bank funding, equity and bond markets for NBFCs continues to be of utmost importance.

Nipa Sheth
Founder Director
TRUST Group

Sector Insights

NBFCs: Transforming India’s Financial Landscape

As India’s economy has grown over the last decade, the financing requirements of the country have also increased. Non-banking financial companies (NBFCs) have emerged as a major contributor in meeting this funding requirement and one of the key stakeholders in the Indian financial system. Today, they play a critical role in the development of infrastructure, job creation, industrial expansion, housing as well as financing the borrowers at the bottom of the pyramid.

Over the years, NBFCs have emerged from the shadow of the banking system and emerged as a worthy competitor to banks in funding the economic growth of the country. The NBFCs have evolved from a niche product driven sector of financing passenger and commercial vehicles to being a reliable and sustainable source of funding to the overall Indian economy. They also play an important role in spurring economic activity by providing credit access to a wide spectrum of companies ranging from MSMEs to large corporates.

NBFCs have witnessed a period of healthy growth

The NBFCs have managed to achieve and sustain overall portfolio growth whilst keeping the profitability within acceptable levels. Their ground-level understanding of their customers' profile and credit needs gives them an edge, as does their ability to innovate and customise products as per their borrower's needs. NBFCs have been able to combine their core strengths of wide outreach and agility in understanding customer needs to garner market share especially in the retail loan segments. Furthermore, increased consumption demand and the trend of increased credit penetration have acted as enablers for NBFC's growth trajectory.

Chart 1: Growth in NBFC Loan Book

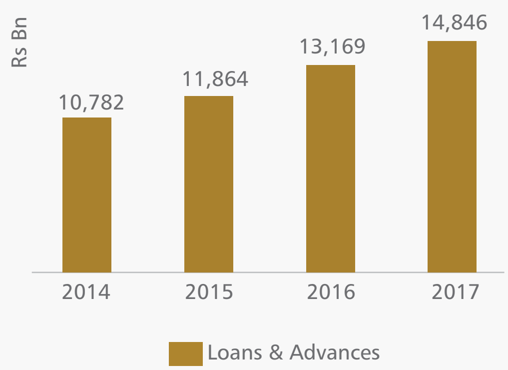
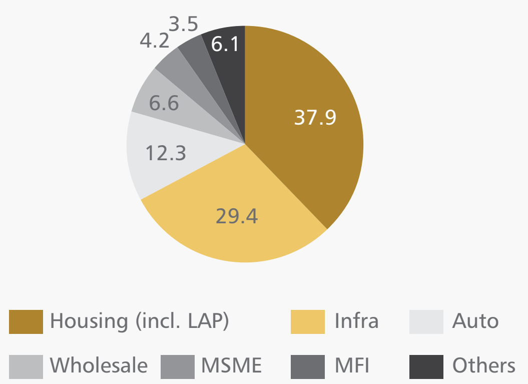


Chart 2: Distribution of NBFC Credit



Source: RBI, SEBI, Company Reports, CRISIL Research

Housing (including LAP) forms the largest proportion (38%) of assets originated by NBFCs. NBFCs have also been successful in increasing their share in infrastructure funding- the second largest asset class funded by NBFCs. The growth of these asset classes is also commendable as these were earlier considered as strong bastions of banks.

Healthy asset quality coupled with adequate returns

The robustness of the NBFC sector is reflected in the fact that the asset quality of the sector has not deteriorated even in the period of high growth. This has been achieved due to the strong risk management and effective underwriting practices. The overall NPA numbers have been within acceptable levels as the sector has been in readiness for the migration to the new norms. Therefore, most of major NBFCs have seen stability in their credit profile despite migration of the sector to new NPA recognition norms. Overall GNPA numbers for the sector have been around 4.4 per cent with NNPA at 2.3 per cent as on March 2017.

Chart 3: Asset Quality of NBFC Sector

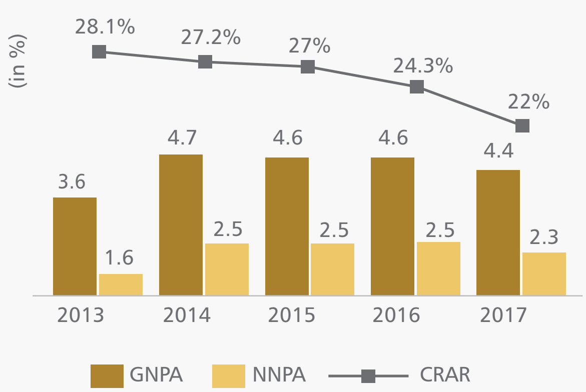
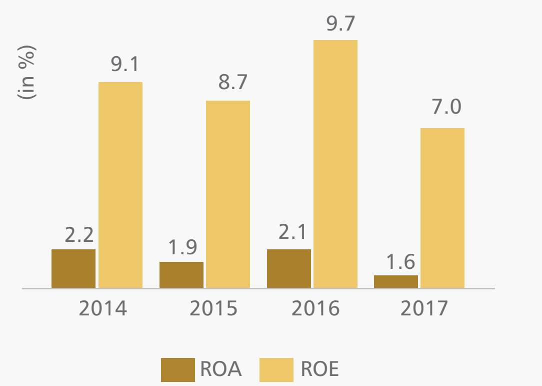


Chart 4: Trends in ROE and ROA



Source: RBI

The returns have slightly moderated in FY 2017 as most NBFCs had initiated the process of adoption of new asset recognition norms which resulted in higher provisioning requirements. However, despite the interim decrease in returns, the overall returns from the sector are still healthy especially in the light of the healthy growth being witnessed in the sector. After the NBFCs completely migrate to the new asset recognition norms, the overall returns are expected to improve over the medium term.

Effective use of capital market funding

While NBFCs had to traditionally compete with banks for lending to the same borrowers, banks were the primary source of funding for NBFCs accounting for ~27% of total funding for NBFCs till 2014. NBFCs have gradually decreased their cost of borrowing by accessing the capital markets to raise debt funding at competitive rates. The stable credit profile and healthy profitability metrics has resulted in significant investor appetite in the bond issuances by these companies from institutional investors like mutual funds like provident funds, insurance companies, bank treasuries as well as non-institutional investors.

Chart 5: Funding Mix of NBFCs

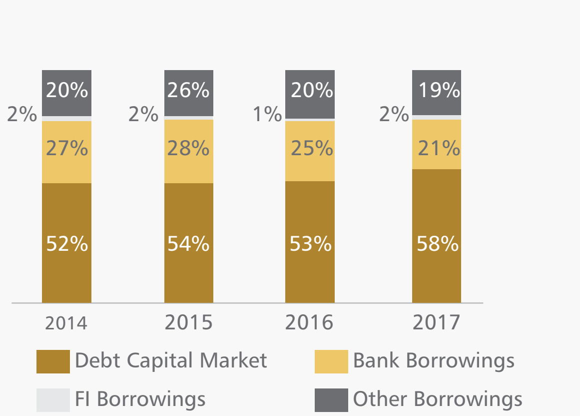
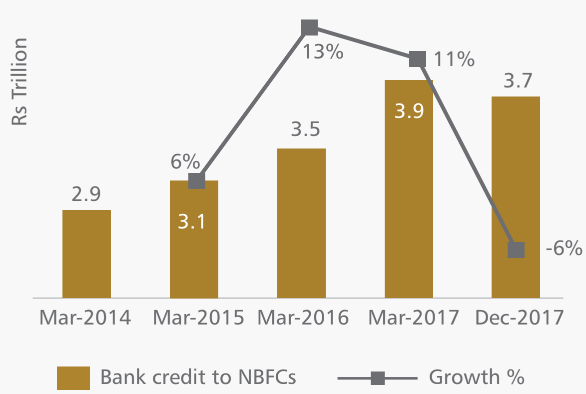


Chart 6: Trend of bank credit to NBFCs



While overall bank credit to NBFCs has increased in the last 4 years, the growth rate has been volatile and has been decreasing since Mar 2016 (See Chart 6). Capital market funding (NCDs and commercial papers) currently accounts for around 58 percent of total funding for the sector as NBFCs have gradually reduced their reliance on bank borrowings. NBFCs raised Rs. 2.41 trillion of funds from capital markets in FY2016-17 thereby registering a 44 percent y-o-y growth (See Chart 7). The growth in NBFCs raising funds through the capital markets has continued with 9M FY 2018 witnessing ~Rs. 2 trillion of issuances thereby registering an 24 percent (annualised) growth reflecting the continued confidence of investors in the sector.

HFCs were the key contributors accounting for 65 percent of total NBFC issuances in FY 2016-17. The contribution of Asset finance companies (AFC) to total NBFC issuances has been gradually increasing reflecting the increased traction seen in the portfolio of AFCs.

Chart 7: Breakup of NBFC Issuances

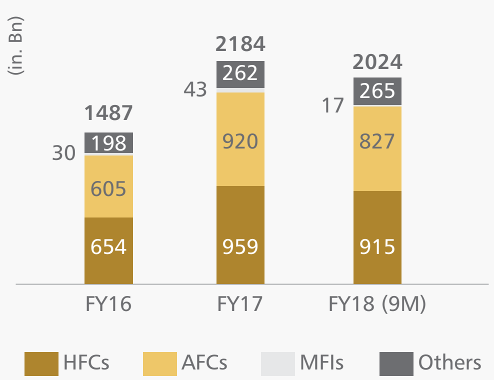
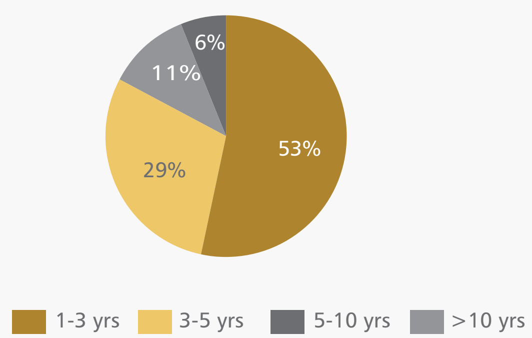


Chart 8: Tenure of Issuances



Source: Prime Database, Data for tenure is for Issuances between Apr 2017- Dec 2017

Traditionally, NCD issuances have been concentrated in the 1-3 year bucket and the trend continues with 53% of total issuances being in this bucket. NBFCs are also gradually increasing their tenure of issuances to cater to insurance companies and provident funds who are also increasing their participation in these NCDs. Currently ~29% of NCD issuances are in the 3-5 year bucket. (See Chart 8). Additionally, public issues by NBFCs and longer tenure subordinate debt has also got healthy participation from non-institutional investors including HNIs.

Strong credit profile attracts investor appetite

Chart 9: Trend in MF Investments

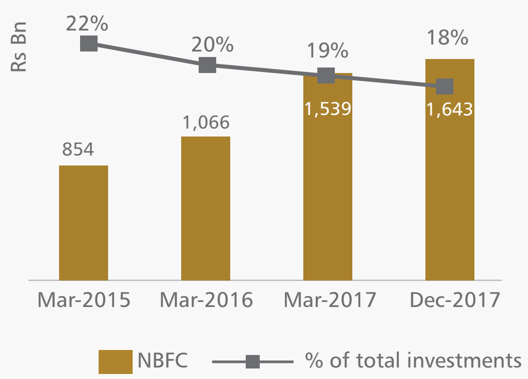
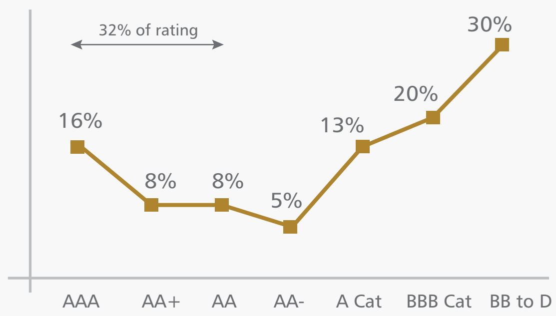


Chart 10: Rating Distribution



Source: CRISIL Research, Rating agency websites (only long term ratings considered)

While growth of bank credit to the sector is slowing down, the mutual funds have emerged as a key investor to the bond issuances. NBFCs account for 18% of the total corpus of mutual funds that is invested in bond markets. (See Chart 9). Mutual funds form a key investor segment for NBFCs as it allows them a right alignment on rating and tenure (AA & above rating and tenure of 1-3 years). It also allows NBFCs to manage their ALM in a more efficient manner as their asset tenures are typically between 3- 5 years as well. Apart from mutual funds (37 percent), insurance companies (19 percent) and provident funds have been active investors in NBFC NCDs as they provide them with a stable credit profile and flexibility on tenure.

Currently, ~32 percent of rated NBFCs have a rating of 'AA' and above thereby reflecting the healthy credit profile of the companies in the sector. Furthermore, the improved performance of the NBFCs has resulted in an upward trajectory for the larger NBFCs. Top 10 issuers by volume (rated AAA or AA+) contribute to 60 percent of total NBFC issuances. Interestingly, market depth for NBFC issuances has increased significantly with 143 unique NBFCs issuing NCDs in FY 2016-17 compared to only 117 in FY 2015-16.

Way Forward

Going forward, the NBFCs will depend on their strengths of superior product lines, last-mile reach, effective risk management practices and customised products to meet customer needs to drive the next phase of growth. Additionally, NBFCs have successfully managed to integrate technology into their overall operations including use of alternate credit models, system driven KYC and disbursement processes.

Furthermore, the improved macro-economic conditions and the constraints in the banking system will allow NBFCs to consolidate their position. The increasing use of digital avenues in the financial market will also allow NBFCs to look at increasing their market share in the credit markets. Considering all the aspects, NBFCs are well placed to transform the country's financial landscape and support the economic growth.

Expert Opinion

Mr. Ramesh Iyer
Vice Chairman & MD
Mahindra and Mahindra Financial Services Ltd.

NBFCs have been performing an important role by lending to a diverse set of customers. Even before financial inclusion became a thrust area for the regulator, NBFCs, were providing credit to customers who had limited access to banking channels. Further, their strong risk management and product knowledge have enabled them to lend in segments which were difficult to be assessed through other formal credit providers. This led them to create a niche for themselves and enabled them to increase the share in the total lending pie to 16% in FY 17.

Over the years, the regulator have been converging the norms between Banks and NBFCs thereby reducing the regulatory arbitrage and systemic risk. Since then, the NBFCs sector has emerged stronger than ever before by improving their provisioning ratios and capital adequacy. With the growth in NBFC's still being at a higher trajectory than Banks, the continuity and stability of the business is well proved.

NBFCs have been at the forefront of leveraging technology. Quick turnaround with the advent of Aadhaar and increasing information availability have led the customers move to partners providing better customer experience. While Fintechs are spearheading innovations around alternative credit scoring, traditional NBFCs are catching fast to leverage some of these proven advances to combine it with their sectoral knowledge to transform into 'Click and mortar' players with sustainable business models.

With the revival of investment cycle in the corporate sector, it is expected that Banks would enhance their focus to corporate lending. This would lead to NBFCs expanding their share in retail and SME lending, the traditional forte of NBFCs. Further, Government thrust in manufacturing, SME sector and rural economy along with increased access to regulatory support through CGTMSE, etc. would allow NBFCs to increase their risk taking ability and enhance credit to increase their overall share.

Mr. Umesh Revankar
MD & CEO
Shriram Transport Finance Company Limited

Financial Intermediation as a productive activity engaging in the financial transaction in the market and NBFCs as one of the financial intermediaries is imperative to channel scarce financial resources for capital formation, funds from lenders to borrowers by intermediating between them. They supplement the role of banking by delivering credit to unorganised sector and small borrowers.

NBFCs play an important role in promoting inclusive growth in the country by catering to diverse financial needs of Banks excluded customers. Often they take the lead role in providing imperative, innovative financial services to MSMEs. The role of NBFCs is more crucial for participating in development of economy, be it transportation, lending to infrastructure projects, employment generation, credit in rural segments and to support the financially weaker section of society. The considerable growth of NBFCs in the last few years despite the slowdown in the economy can depict the crucial role played by them. With astute knowledge of business and the animal spirits of hunger for growth and profits drive NBFCs to dent into even remote villages and unbanked areas of the country, in the process NBFCs are promoting inclusive growth in a big way.

NBFC sector has grown at 19% CAGR over past few years and expected to increase the credit share upto 18% of the total credit by financial institutions and banks. Retail credit through NBFCs is expected to be around Rs.6 Trillion. While Credit Bureaus have in instrumental in making enough data available for the individuals and entities which have banked with at least one Bank or financial institution, only depending on their track record would not solve the purpose of financial inclusion, as only 5% of the population in India have some records. Where Banks follow the process of Income verification, NBFCs take calculated risks and provide opportunities to individuals without business/ track, thereby creating more employment and hence enhancing the economic activity in various geographies. With the on-going stress in the public sector banks due to mounting bad debt, their appetite to lend to unknown territory especially in rural areas is only going to deteriorate thereby providing NBFCs with the opportunity to increase their presence.

Growth in Rural Infrastructure and connectivity from rural to urban centres would not only help stimulating the economic activity at rural India but also curtail the population movement from rural to urban. NBFCs are poised to taking up such opportunities and bring unbanked population to formal credit institutions. Healthy growth rate of NBFCs shows the gap between the Banks policies and the requirement of the nation. Today MSME sector is plagued with inefficient book keeping and maintenance of records of business transactions, which are the basic requirements from a bank for furthering credit to any entity. While NBFCs have been able to assess the requirement on field with the customer, giving him assurance of being a financial partner in their journey, they have been able to record a better growth rate than banks. NBFCs are emerging as an alternative to mainstream banking by emerging as an integral part of Indian financial system, leading to financial inclusion in a big way as a catalyst to the growth of the Indian economy.

Mr. Khushru Jijina
MD
Piramal Finance Limited

NBFCs have proved to be one of the crucial pillars of the Indian financial system with their ability to provide innovative and customised solutions to clients. They also play a pivotal role in the Government's agenda of financial inclusion by catering to segments which do not fit in the purview of the banking sector or may well be ignored given the recent stress amongst public sector banks. As a result NBFCs have captured a considerable share of the wholesale financing market at the expense of PSU banks, with more than a 40% share in total loans disbursed in 2017.

Key attributes like better product lines, ability to customize solutions, lower cost, wider and effective reach, strong risk management capabilities, and better understanding of customer segments continues to provide NBFCs with a great platform to expand their wholesale lending base in the coming months and years.

At the same time, some of the existing NBFCs seem to have a substantially increased exposure to retail lending with the data indicating that performance over the last few quarters has remained muted, largely in the aftermath of a muted macroeconomic environment and certain external shocks like demonetization and its ensuing impact on individuals and small business owners. A rehash of traditional risk underwriting measures with usage of advanced analytics to identify the right set of clients will therefore play a vital role in creating a robust client base in the retail category going forward.

It is also worth speaking of the SME segment – with lower delinquencies and positive growth attributes, micro and small enterprises are expected to be the future to-go companies for NBFCs. The sector is highly under served and with the "Make in India" push by the Government, along with several measures including the recent Cabinet approval to change criteria for classifying MSMEs (micro, small and medium enterprises), NBFCs have more and more opportunities to grow their books in working capital finance.

LAP (Loan against Property) that used to form a major part of the portfolio for NBFCs has seen increased competition, declining margins and a somewhat lower demand post demonetisation and GST. While the growth rates have gone down, it is still expected to grow at around 12-15% CAGR in the forthcoming years and should remain a focus item for NBFCs going forward as well.

Mr. Paritosh Kashyap
MD & CEO
Kotak Mahindra Investments Limited

Non-Banking Financial Services Companies have seen tremendous growth over last couple of years, both in wholesale lending and retail lending. Record capital has been raised by NBFCs such as Piramal, Incred, DMI, Bajaj, Clix, Edelweiss, IIFL. ABFL, Hero Fincorp, etc. Several of these new NBFCs have been started by Family Offices, Private Equity players, Institutions and Corporates in last 12 months which is fulling the growth of lending in both wholesale and retail space.

Fueled by the incremental capital raise, the Wholesale lending NBFCs are seeing growth in certain assets classes such as Real Estate Lending, Structured Financing, Sponsor Financing, distress debt, lending to SMEs, etc. While this is leading to aggressive lending in some of the cases, by and large these assets are backed by hard collateral. There is significant opportunity for the NBFCs to capture the market from the PSU Banks struggling due to issues of non-performing assets.

However over the medium to long term one needs to be watchful about trends in asset quality – especially given that this sector has seen substantial equity infusion and there will be apparent expectation from the NBFCs to generate adequate returns in a highly competitive landscape. Those with stable and well thought about business model, backed by stringent underwriting standards and sound risk protections metrics are likely to stand out over others.

NBFCs have been able to succeed despite significant regulatory disadvantage compared to Banks and competitive pressures from Mutual Funds. NBFCs require higher regulatory capital as compared to Banks, NBFCs do not get benefit of lower capital if the borrowers have high rating unlike banks, wholesale lending NBFCs compete with MFs for most of their asset classes, etc. Considering that the industry has now achieved a meaningful size, there is a time for the regulatory to bring about parity in these norms with Banks.

Mr. R. Sridhar
Executive Vice Chairman & CEO
Indostar Capital Finance Limited

For a developing economy such as India, access to financial resources is critical. However, banking outreach to certain segments is low even as banks grapple with fundamental constraints in providing loans to them. Enter non-banking financial companies (NBFCs).

The most critical sections that need a boost are the rural economy, MSMEs (micro, small and medium enterprises), and infrastructure and real estate.

Finance Minister Arun Jaitley in Budget 2018-19 focused on revitalising the rural and fiscal economy with a strong focus on agriculture, MSMEs, infrastructure and healthcare.

This was expected, considering these sectors needed additional government support. It is beyond doubt that the vibrant and resilient MSME sector spurs growth. According to a report by Boston Consulting Group, there are 5.1 crore MSMEs in India, of which nearly 4 crore have current accounts. The number of borrowers among them, however, is only 0.45 crore – which shows that the segment is highly underserved.

Home loans have seen the biggest growth in quantum over the past three years: 30% of incremental system loans and half of incremental retail loans have been in this segment, according to Credit Suisse. Despite this, the home segment remains under-penetrated – only 6% of families in India have a home loan, which is much lower than the global average. In fact, if you consider mortgages as a percentage of GDP, India is at a mere 10% – dwarfed even by smaller nations like Thailand (17%) and Taiwan (39%) (Source: CRISIL Report). While these are smaller economies, the role played by mortgages as a proportion of GDP is telling.

NBFCs today form an integral part of our financial system, playing an important role in nation building and financial inclusion. They not only complement banking, they fill the void in credit outreach to large unbanked segments.

There is a growing aspiration in urban and rural India, and the need of the hour is to convert it into transformational growth. In meeting the increasing financial needs of the underserved and unbanked areas in the corporate sector, the unorganised sector and for local borrowers, NBFCs will continue to play an important role in providing last-mile services. Their granular understanding of customers gives them an edge, as does their ability to innovate and customise products. This makes NBFCs a powerful catalyst for economic development.

Mr. Duruvasan Ramachandran
MD & CEO
Shriram City Union Finance Limited

There are a total of 11522 NBFCs in India registered and regulated by the RBI.

NBFCs have been playing a yeoman role in facilitating credit to the underbanked and under served segments of the society, loosely said the last mile connectivity as regards credit, so much so that in the retail loan segment the share of the NBFCs have grown from 21% to 44% between calendar years 2014 and 2017.

NBFCs have carved a niche for themselves in the Commercial vehicle / Tractor / Micro and small enterprises segment and I see that deepening further. NBFCs have witnessed double digit growth in credit and this has undoubtedly improved the resilience and stability of the economy by seamlessly filling up the financing gap opened up by the muted bank credit growth from 2014-2015.

The contribution by the NBFCs to the economy has grown stupendously from 8.4% in 2006 to above 14% in March 2015. The success of the NBFCs can be attributed to their superior product lines, better understanding of their customer segments, lower operating expenses, reach and very efficient risk management skill sets resulting in minimal NPAs. In this background NBFCs would continue to grow and perform as the most effective catalyst in the great Indian economic growth story.

Mr. Manoj Gupta

MD & CEO

Kotak Infrastructure Debt Fund

IDFs are expected to play a key role in development of the infrastructure sectors, by providing longer tenor debt to operational projects. It serves as a win-win situation for all parties – developers getting longer tenor funds at competitive rates while the lender (IDF) is protected from construction risk, and banks' books are freed up of ALM issues. There is an increased focus on the part of government as well as RBI to reduce concentration risk in banks' books, mandating banks to limit exposure to single corporate group to 10% within next 2 years. Along with the corporate bond market, IDFs will play a significant role in filling in this vacuum. Since 2015, growth in IDF lending has picked up considerably and the trend is expected to continue as more and more infrastructure projects fall within the ambit of IDF financing (complete one year of satisfactory operations post COD).

In line with growth in infrastructure sectors, increasing maturity is bringing about innovations in funding too, as investors grow more confident about cash flows. We are seeing partial guarantee structures (from 3rd parties like IIFCL / IREDA etc or also from parent company) as well as pooled assets structures. Such transactions have already taken place in renewable and transmission sectors with IDF participation. There are variations within pooled asset structure itself – there are transactions with only cash flow pooling while some other transactions are with full cross collateralization across the pooled assets.

Mr. Amit Bapna
Chief Financial Officer
Reliance Capital Limited

Before the forthcoming Lok Sabha Elections in Mid-2019, the NDA government presented the last full flash Annual Union Budget for 2018-2019. Continuing with the bold decisions, much debated tax regime for Equity Long Term Capital Gains (LTCG) proposed by the Finance Minister in the Budget. LTCG Tax on Equity market profits in excess of Rs. 1 lakh is introduced which was earlier fully tax exempted. Also, NHPS, the world's largest government funded health cover under the new National Health Protection Scheme was announced. Aiming to provide higher health cover (cover up to Rs 5 lakh) to roughly 10cr underprivileged families vs the earlier cover of Rs 30K under the Rashtriya Swasthya Bima Yojna.

Small and Medium sized enterprises also benefitted as the Income Tax rate was reduced to 25% for enterprises with a turnover of less than Rs 250cr. Path to achieve 3% Fiscal deficit was deviated and elongated a bit to FY2021. The Fiscal deficit for FY 2017-18 was revised to 3.5% vs 3.2% of GDP. The fiscal deficit for FY2019 is projected at 3.3% of GDP.

On the other hand, the RBI kept key policy rates unchanged for the third consecutive time. The six members MPC voted 5-1 to maintain a Status Quo. The tone of the policy was moderately hawkish as an outlook to inflation was revised a bit higher to 5.1% vs 4.3%-4.7% range and on other side it lowered the growth outlook from 6.7% to 6.6%. Factors which may risk the inflation trajectory are rising global crude oil prices, elevated house rent allowances (HRA) by several state governments and increased minimum support prices (MSP) for corps. RBI mentioned about International Trade and noted expansion in global investments and robust manufacturing activity. RBI also mentioned about green shoots of revival of an investment activity domestically and noted the economic recovery as well. Households' inflation expectations measured by the Reserve Bank's survey of household remained elevated for one year and near term horizon. The pause as voted by MPC may be maintained for a while and RBI will keep an eye on inflation numbers.

Overall macro environment for our country looks stable. Better exports along with overseas flows both FPI and FDI have been higher in the current year. FPI flows were around $ 32 bn between April-December (latest) compared with $ 4.5 bn last year, of which debt was at around $ 24.3 bn. FDI flows for the first 6 months of the year were $ 25.3 bn as against $ 21.6 bn last year. This should keep overall Balance of Payment, rupee in check and current account deficit should be in the range of 1.3% to 1.5%. However rising oil prices may contribute to a higher import bill.

The bond market completely reversing the trend set under reducing rate scenario. The yield on 10yr Gsec benchmark touched a high of 7.60% Vs 6.40% a few months ago. Slippages on fiscal front along with rising inflation compelled market players to react negatively to interest rates. Increasing CIC (currency in circulation) and higher LCR requirement pushed short term rates upwards. However, the market needs to be cautious in rising inflation scenario and uncertain global condition, it seems to be already factoring a lot of negative. This may be seen as an opportunity in the near future once the rate market stabilizes.

We have also witnessed a robust growth in the NBFC and Housing Finance industry. NBFC's have witnessed a buoyant growth face while challenging the existing banking industry. Consumption has been the real theme for Indian economic growth and the same has been well captured by NBFCs especially the retail sector witnessed new behavior of consumption spending. Consumer durables, two-wheeler auto sales, ecommerce, window shopping etc. really opened up the opportunity for NBFCs. Across the country, the growth is eminent and continues to throw opportunities. We believe there are lots of untapped opportunities to explore and create value in the future.

The Housing Finance Industry has grown at a handsome pace and has an immense opportunity to grow. Governments focus on housing for all has really opened growth prospects for the industry. Government's own estimate for housing shortage in urban areas is nearly 10 million units further propelled the expectations. Transparent regulatory framework, focus on affordable housing are the key highlight of government's commitment. Matured and developed social behavior has allowed the industry player to add risk to portfolio. Focus on self employed customer is the key highlight to increased risk taking capabilities in the segment. Regional players continue to dominate their respective zones, though large HFC's (whose presence is across the country) are able to grow market share aggressively. Many new entrants have joined the race to capture the market share as the industry continues to grow. There are more than 90 HFCs registered with National Housing Bank as on date.

However, both the industries have got a fair bit of competition from the banks as they try to catch up with the market share. The differentiating factor could be funds availability among the players. However, the traditional focus on banks for funding has dramatically reduced; still they remain a major source of funding. While PSU banks continue to come out of their NPA cycle, HFC's and NBFC's have brighter chances to grow.

We remain focused and committed to our lending businesses in NBFC as well as the Housing Finance segment and continue to focus on value creation.

Issuer Profiles

Asset Finance and Loan Companies

- Aditya Birla Finance Limited
- Avanse Financial Services Limited
- Bajaj Finance Limited
- Capital First Limited
- Cholamandalam Investment and Finance Company Limited
- DMI Finance Private Limited
- ECL Finance Limited
- Fullerton India Credit Company Limited
- HDFC Credila Financial Services Private Limited
- Hinduja Leyland Finance Limited
- India Infoline Finance Limited
- Indostar Capital Finance Limited
- JM Financial Services Limited
- Kotak Mahindra Investments Limited
- Kotak Mahindra Prime Limited

Issuer Profiles

- L&T Finance Limited
- Magma Fincorp Limited
- Mahindra and Mahindra Financial Services Limited
- Manappuram Finance Limited
- Motilal Oswal Financial Services Limited
- Muthoot Fincorp Limited
- Piramal Finance Limited
- Reliance Commercial Finance Limited
- Shriram City Union Finance Limited
- Shriram Transport Finance Company Limited
- Sundaram Finance Limited
- Tata Capital Financial Services Limited

Infrastructure Finance Companies

- IL&FS Financial Services Limited
- L&T Infrastructure Finance Company Limited
- SREI Infrastructure Finance Limited

Source: Company Reports, Reuters, NSE, BSE and Credit Rating Agencies

Aditya Birla Finance Limited

Company Factsheet

Incorporation Year
1991

Promoters/ Group
Aditya Birla Group

Key Business Segment
Capital Market Lending, Corporate Finance, Project and Structured Finance and Mortgage Loans

Geographical Presence
Pan India

AUM (as on September 30, 2017)
Rs.388.98 billion

Total Debt (as on September 30, 2017)
Rs.326.16 billion

Market Capitalisation (as on February 5, 2018)
NA

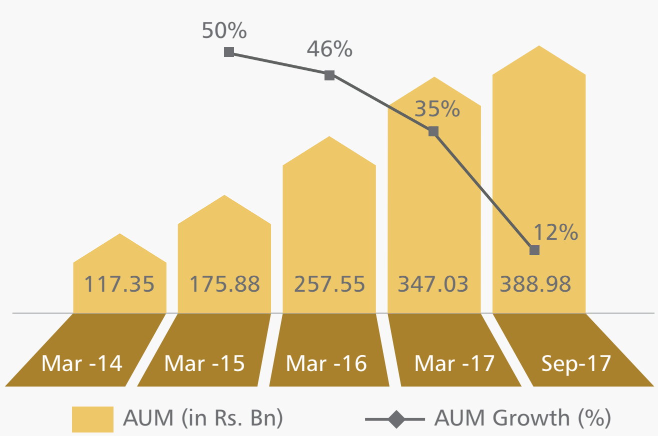
Outstanding NCD (as on February 7, 2018)
Rs.219.44 billion (Significant Issuances done in FY 2017-18)

Avg Monthly Daily Traded Volume
Rs.4.67 billion

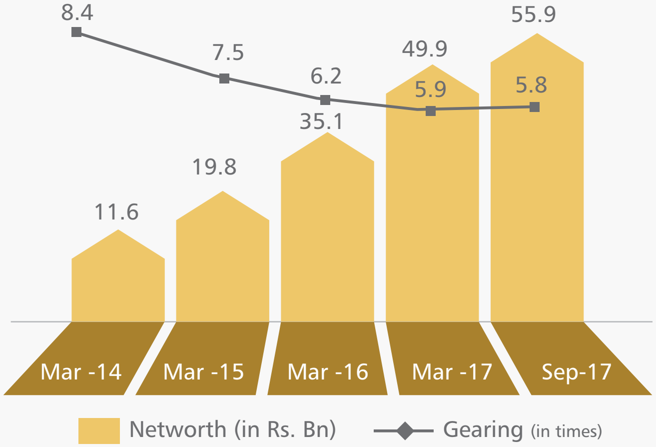
Long Term Rating
ND AAA /ICRA AA+/CARE AA+

Short Term Rating
ICRA A1+/IND A1+

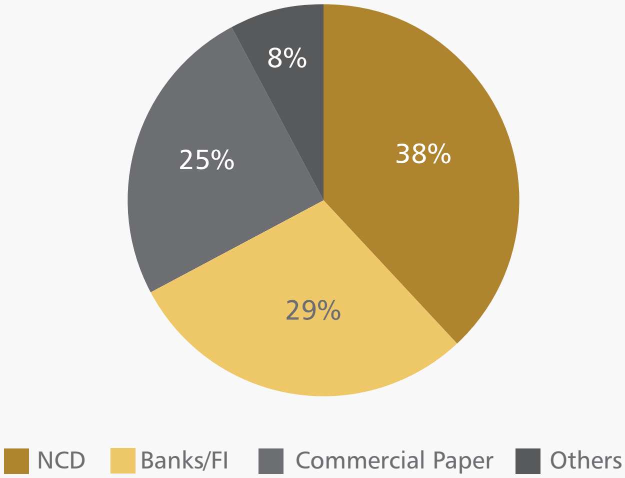
Trend in AUM and Growth



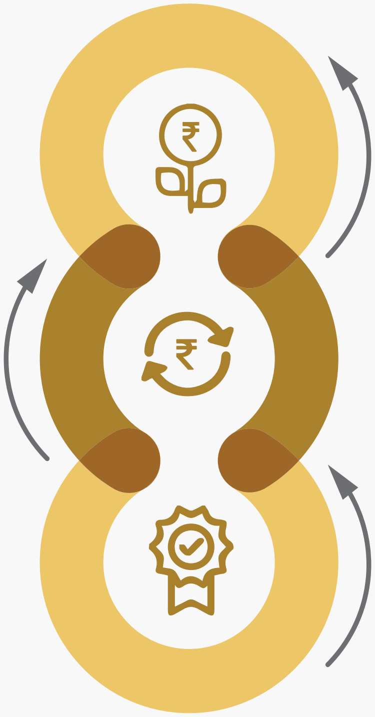
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has increased to Rs.347.0 billion as on March 31, 2017 from Rs.257.5 billion a year ago, a year-on-year growth of 35 percent. The AUM has also expanded at a CAGR of 44 percent over 3 years ending March 31, 2017. The growth is on account of management push to diversify into other business segments such as loan against property/small and medium-sized enterprises, project finance and corporate lending.

Capitalisation: Networth has seen a sharp increase to Rs.49.9 billion as on March 31, 2017 from Rs.17.7 billion on March 2014, on account of capital infusion by Aditya Birla Group to a tune of Rs.19.50 billion in last 3 years and internal accruals driven by growth in loan portfolio. For the period ending on September 2017, networth increased to Rs.55.9 billion, and gearing is comfortable at 5.83 times.

Asset Quality: The Company has reported stable asset quality indicators. Its GNPA and NNPA stood at 0.53 percent and 0.34 percent respectively as on September 30, 2017 as compared with 0.63 percent and 0.22 percent respectively as on March 31, 2016. Further, the company changed its NPA recognition norm to 90+dpd from Q1FY2017-18, a year ahead of the RBI's requirement.

Avanse Financial Services Limited

Company Factsheet

Incorporation Year
2013

Promoters/ Group
DHFL Group

Key Business Segment
Education Loans

Geographical Presence
Pan India

AUM (as on September 30, 2017)
Rs.14.07 billion

Total Debt (as on September 30, 2017)
Rs.12.07 billion

Market Capitalisation (as on February 5, 2018)
NA

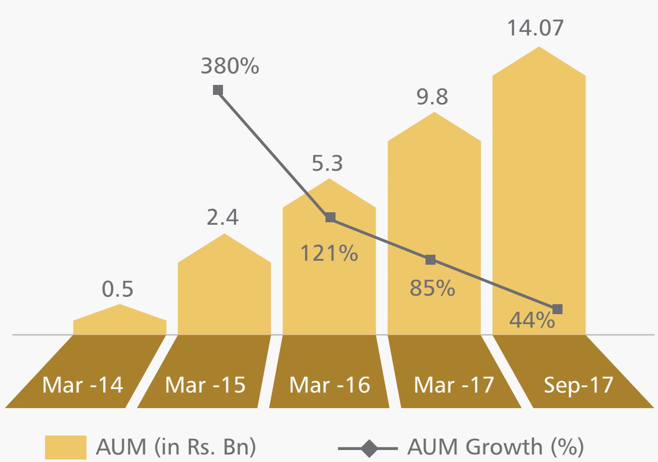
Outstanding NCD (as on February 7, 2018)
Rs.1.70 billion

Avg Monthly Daily Traded Volume
Rs. 0.11 billion

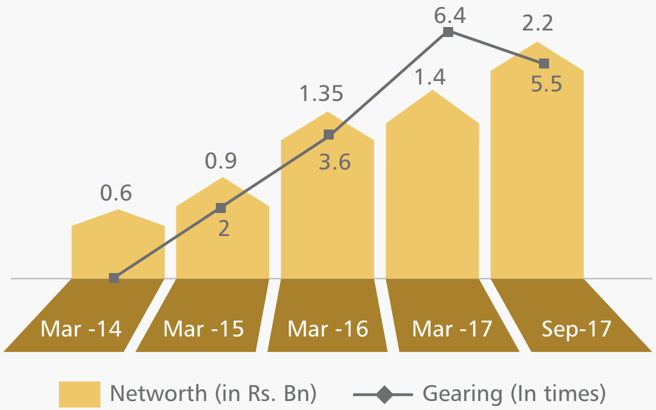
Long Term Rating
CARE AA+(SO)/
BWR AA+(SO)

Short Term Rating
CRISIL A1+

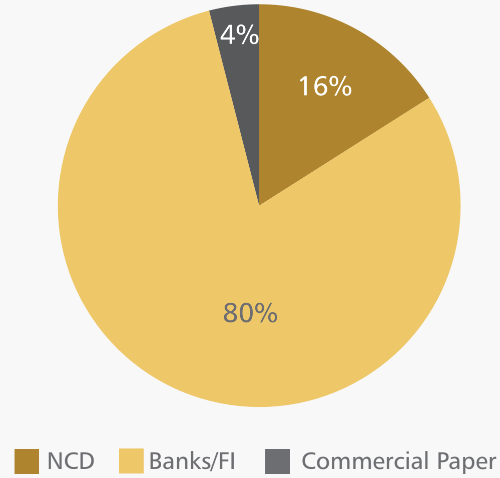
Trend in AUM and Growth



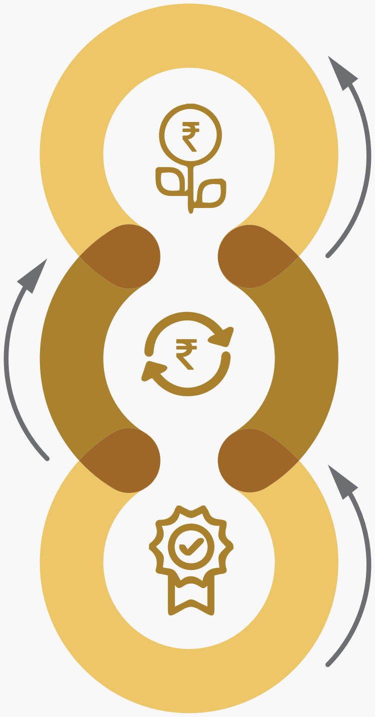
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM has increased from Rs.5.3 billion as on March 31, 2016 to Rs. 9.8 billion as on March 31, 2017, a year-on-year growth of 85 percent. The company has also showcased substantial growth over three 3 years ending March 31, 2017 with a CAGR of 170 percent. The sharp growth is driven by strategic importance to and strong support from the DHFL Group.

Capitalisation: Networth and CAR were Rs 2.20 billion and 18.9 percent, respectively, as on September 30, 2017 (Rs 1.40 billion and 16.5 percent, respectively, as on March 31, 2017). In FY 2017-18, equity capital of Rs 0.75 billion was infused in the company (through a rights issue) to support its growth plan. As a result of capital infusion, gearing declined to 5.5 times as on September 30, 2017, from 6.4 times as on March 31, 2017.

Asset Quality: The GNPA and NNPA have remained low at 0.3 percent and 0.25 percent respectively as on March 31, 2017. However, given high growth in recent years, a significant part of the loans disbursed by the company are in the moratorium period and hence, the seasoning of the loan portfolio is limited at this stage.

Bajaj Finance Limited

Company Factsheet

Incorporation Year
1987

Promoters/ Group
Bajaj Group

Key Business Segment
Consumer, SME and commercial Lending

Geographical Presence
Rural presence across 538 towns and retail presence across 5500 stores

AUM (as on March 31, 2017)
Rs.610.4 billion

Total Debt (as on March 31, 2017)
Rs.503.0 billion

Market Capitalisation (as on February 7, 2018)
Rs.940.29 billion

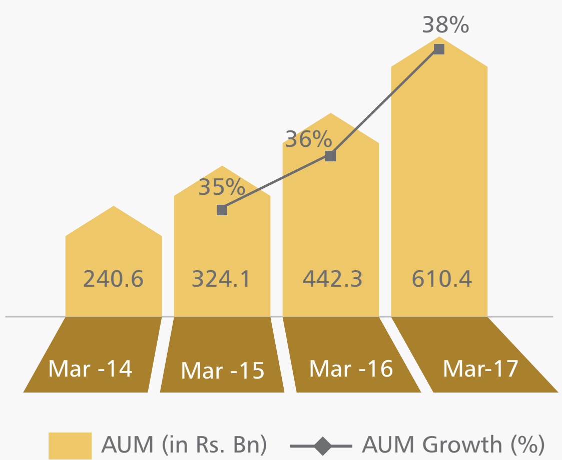
Outstanding NCD (as on February 7, 2018)
Rs.507.49 billion (Significant Issuances done in FY 2017-18)

Avg Monthly Daily Traded Volume
Rs.23.22 billion

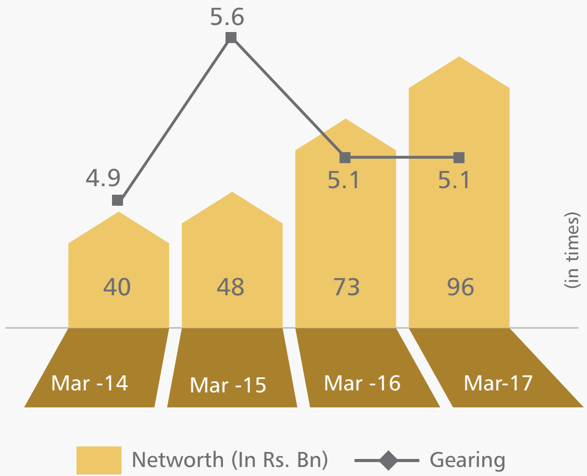
Long Term Rating
CRISIL AAA/CARE AAA/ICRA AAA/IND AAA

Short Term Rating
CRISIL A1+/ICRA A1+/IND A1+

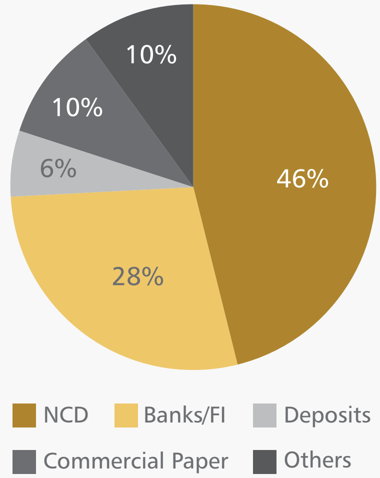
Trend in AUM and Growth



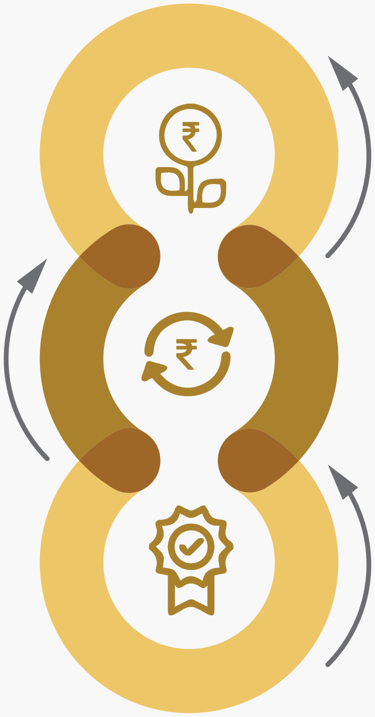
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has grown at a healthy CAGR of 36 percent over the past 3 years ending March 31, 2017. The company is amongst the leading retail asset-financing NBFCs and has its lending book diversified across consumer, commercial and SME segments.

Capitalisation: The Company has healthy capitalisation, with sizeable networth and adequate Tier I CAR of Rs 96.0 Billion and 14.6 percent, respectively, as on March 31, 2017. To support business growth the promoters infused Rs 3.06 billion through conversion of warrants in November 2016. Gearing policy is conservative with gearing of 5.1 times as on March 31, 2017.

Asset Quality: The company has maintained stable asset quality for the past few years with GNPA and NNPA of 1.68 percent and 0.44 percent as on March 31, 2017. The company has adequately provided for the NPA with provision coverage of 74 percent as on March 31, 2017. Net NPA to Net worth stood at healthy 2.80 percent at the end of FY 2016-17.

Capital First Limited

Company Factsheet

Incorporation Year
2007

Promoters/ Group
Warburg Pincus and GIC Private Limited

Key Business Segment
Loan Against Property & Business Loans

Geographical Presence
222 towns

AUM (as on September 30, 2017)
Rs.232.67 billion

Total Debt (as on March 31, 2017)
Rs.142.62 billion

Market Capitalisation (as on February 7, 2018)
Rs. 67.04 billion

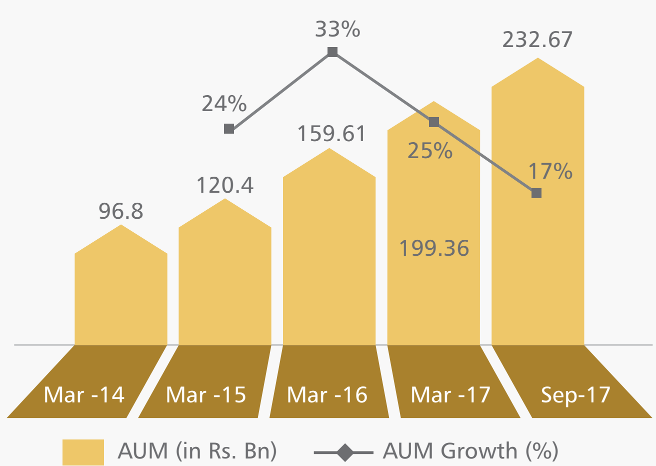
Outstanding NCD (as on February 7, 2018)
Rs.65.03 billion

Avg Monthly Daily Traded Volume
Rs.2.41 billion

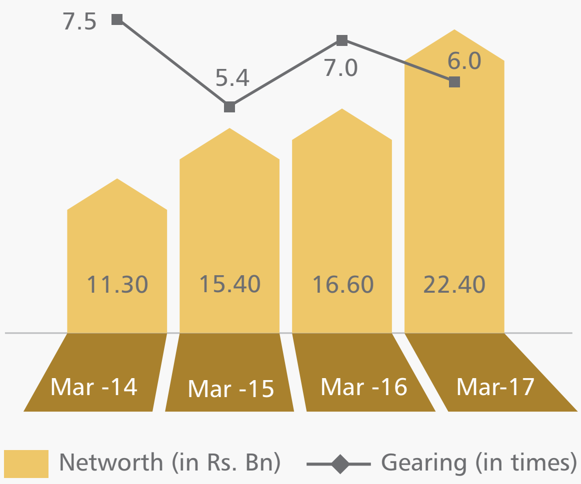
Long Term Rating
BWR AAA/CARE AA+

Short Term Rating
CARE A1+/ICRA A1+

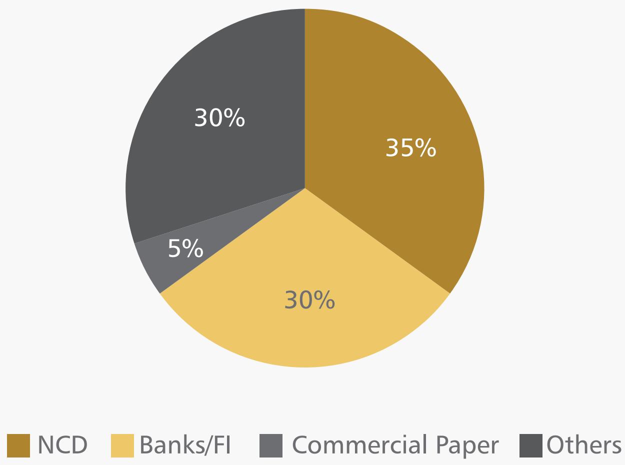
Trend in AUM and Growth



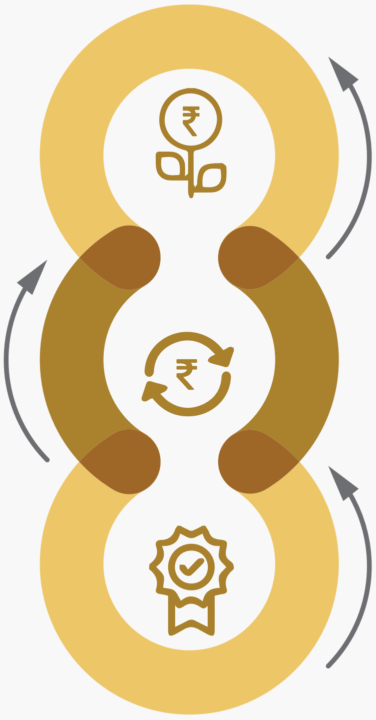
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: As on September 30, 2017, the company's AUM was Rs.232.7 billion with retail portfolio accounting for Rs.214.8 billion. The retail AUM has grown from Rs.101.5 billion as on March 31, 2015 to Rs.214.8 billion as on September 30, 2017 led by strong growth in Business Instalment Loan, two wheeler, Consumer loans and Personal loans segments.
The Capital First group has also announced merger of Capital First Limited (CFL), Capital First Home Finance Limited (CFHFL) and Capital Fist Securities Limited (CFSL) with IDFC bank Limited.

Capitalisation: The company reported a healthy CAR of 18.81 percent as on September 30, 2017 (20.34 percent as on March 31, 2017), supported by regular equity infusion over the past few years and an improvement in internal accruals. The company has successfully raised equity in four of the last five years from marque investors, demonstrating its ability to raise equity. The company's gearing stands at 6.0 times as on March 31, 2017.

Asset Quality: The company's asset quality has been healthy over the years, with GNPA ranging between 0.50 percent and 1.10 percent during FY 2013-14 to FY 2016-17 when the company moved from 180+ days past due (dpd) to 120+ dpd NPA recognition. From Q1FY 2017-18 the company shifted to 90+ dpd NPA recognition and reported GNPA and NNPA of 1.63 percent and 1.00 percent respectively as on September 30, 2017, as compared with 0.96 percent and 0.31 percent respectively as on March 31, 2017 (at 120 days past due NPA recognition).

Cholamandalam Investment and Finance Company Limited

Company Factsheet

Incorporation Year
1978

Promoters/ Group
Murugappa Group

Key Business Segment
Vehicle Finance, Home Equity Finance and Loan Against Property (LAP)

Geographical Presence
Rural Presence through 703 branches

AUM (as on September 30, 2017)
Rs.370.70 billion

Total Debt (as on September 30, 2017)
Rs.268.90 billion

Market Capitalisation (as on February 7, 2018)
Rs.202.73 billion

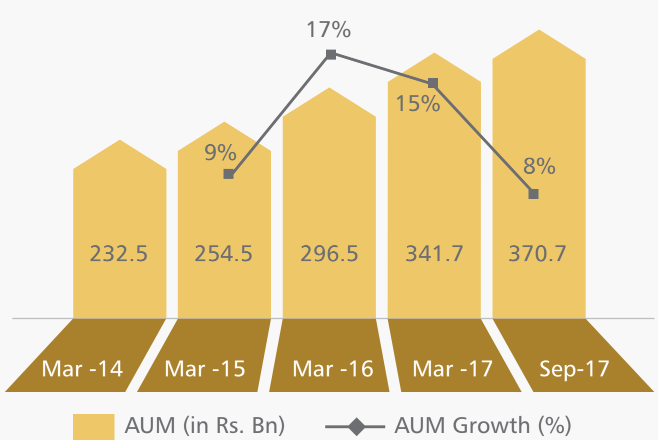
Outstanding NCD (as on February 7, 2018)
Rs.127.29 billion

Avg Monthly Daily Traded Volume
Rs.9.72 billion

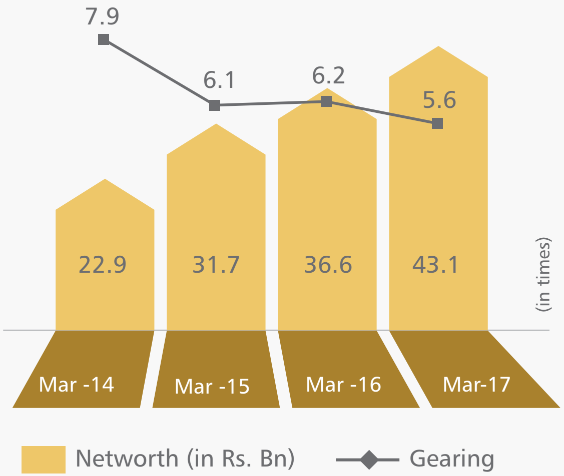
Long Term Rating
CARE AA+/IND AA+/CRISIL AA /ICRA AA

Short Term Rating
ICRA A1+/CARE A1+

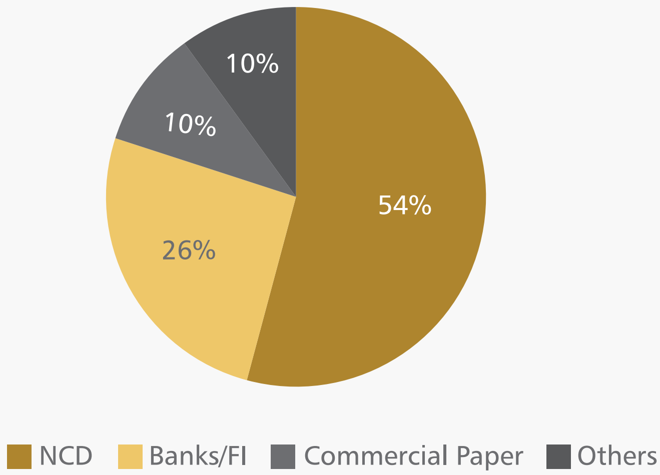
Trend in AUM and Growth



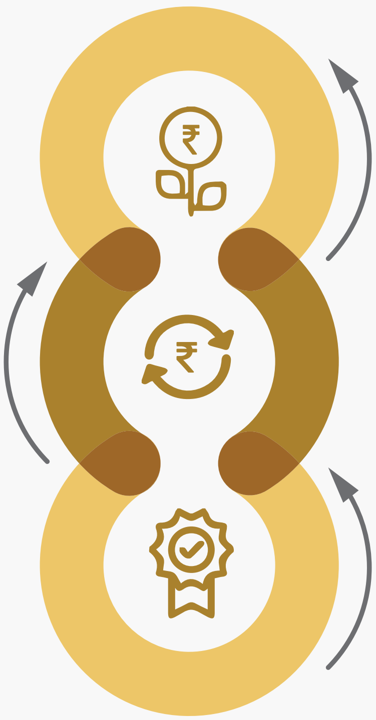
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has grown at a moderate Compounded Annual Growth Rate (CAGR) of 14 percent over the past 3 years ending March 31, 2017. The growth is driven by the company's strong market position in the vehicle finance segment and healthy relationship with commercial vehicle dealers and manufacturers. The growth is also supported by increased disbursements across the Home loans, MSME and Agriculture financing segment.

Capitalisation: The company has comfortable capitalisation supported by demonstrated ability to raise capital. The company raised Rs. 5.0 billion in FY 2014-15 through issuance of Compulsorily Convertible Preference Shares. Also, Rs 7.0 billion was raised over the past five years through Qualified Institutional Placement (QIP) and Preferential allotments. Networth coverage for net Non-Performing Assets (NPAs) stood at 4.2 times as on March 31, 2017 (6.0 times as on March 31, 2016). Gearing stood at 5.6 times as on March 31, 2017 as compared to 6.2 times as on March 31, 2016 and has witnessed a gradual decline in recent years.

Asset Quality: The company transitioned from the 120+ days-past-due (dpd) to the 90+dpd Non Performing Asset (NPA) recognition norm during Q4 FY2016-17. The company's 90+dpd in the vehicle finance segment improved from 4.2 percent as on March 31, 2017 to 3.8 percent as on September 30, 2017. The delinquencies (90+ dpd) in the home equity portfolio however increased from 5.8 percent as on March 31, 2017 to 6.0 percent as on September 30, 2017. Nevertheless, the overall 90+ dpd remains stable at 4.5 percent as on September 30, 2017, as against 4.7 percent as on March 31, 2017.

DMI Finance Private Limited

Company Factsheet

Incorporation Year
2008

Promoters/ Group
DMI Group

Key Business Segment
Real Estate and MSME Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 13.24 billion

Total Debt (as on March 31, 2017)
Rs. 6.92 billion

Market Capitalisation (as on February 5, 2018)
NA

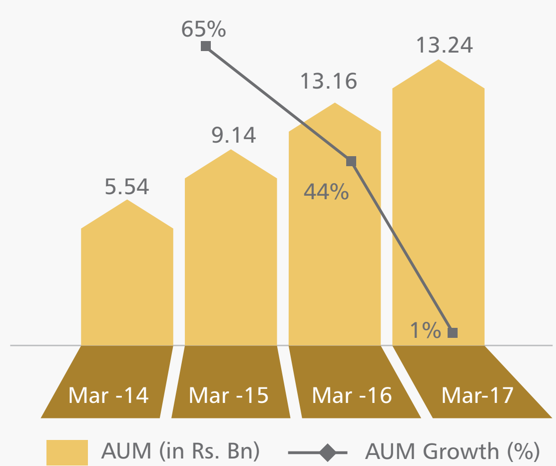
Outstanding NCD (as on February 7, 2018)
NA

Avg Monthly Daily Traded Volume
Rs.1.98 billion

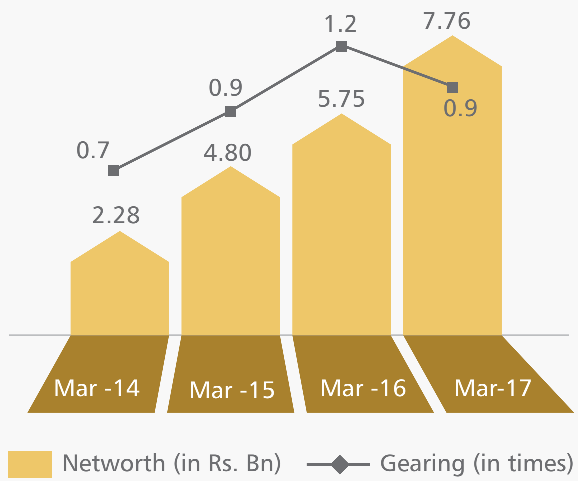
Long Term Rating
CARE AA-/BWR AA-

Short Term Rating
ICRA A1+

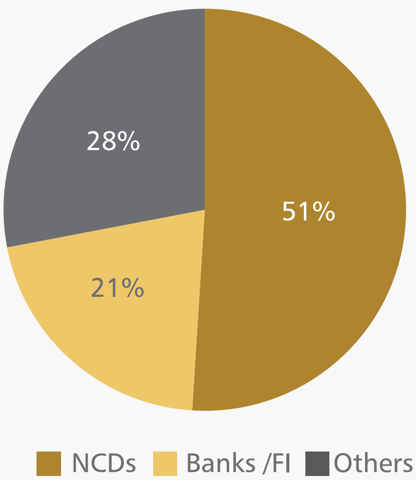
Trend in AUM and Growth



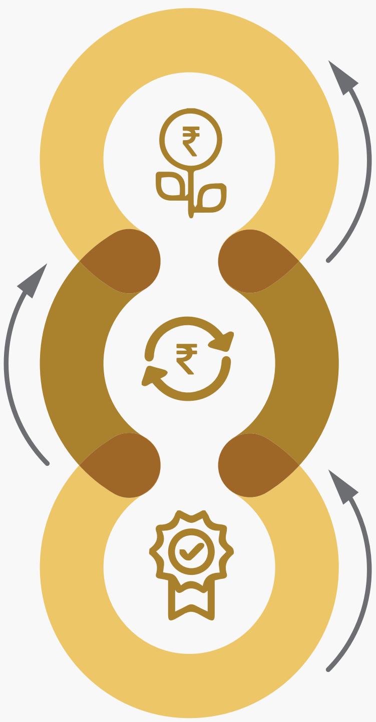
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The AUM stood at Rs.13.24 billion as on March 31, 2017. Majority portion of the AUM (~81 percent) is contributed by real estate financing with the balance from MSME and others. The entire loan book is fully secured with an average collateral cover of about 2 times, in the form of property/pledge of shares. As of March 31, 2017, 98 percent of the portfolio of the company had LTV ratio of up to 60 percent.

Capitalisation: : The capital adequacy ratio of the company continues to remain comfortable at 72.17 percent as on March 31, 2017, and 66.01 percent as on March 31, 2016. The existing promoters have infused Rs. 0.52 billion in FY 2015-16 and Rs.1.70 billion in FY 2016-17 as equity capital, CCPS and CCDs. The gearing stood at 0.9 times as on March 31, 2017 and 1.2 times as on March 31, 2016.

Asset Quality: The Company continues to maintain healthy with GNPA of 0.1 percent and NNPA of 0.01 percent as on March 31, 2017 as against a GNPA and NNPA of 1 percent and 0.7 percent as on March 31, 2016.

ECL Finance Limited

Company Factsheet

Incorporation Year
1995

Promoters/ Group
Edelweiss Group

Key Business Segment
Corporate Finance, Real Estate Finance, LAS and IPO Finance

Geographical Presence
813 branches across 16 states

Total Assets (as on March 31, 2017)
Rs.211.6 billion

Total Debt (as on March 31, 2017)
Rs.178.40 billion

Market Capitalisation (as on February 7, 2018)
NA

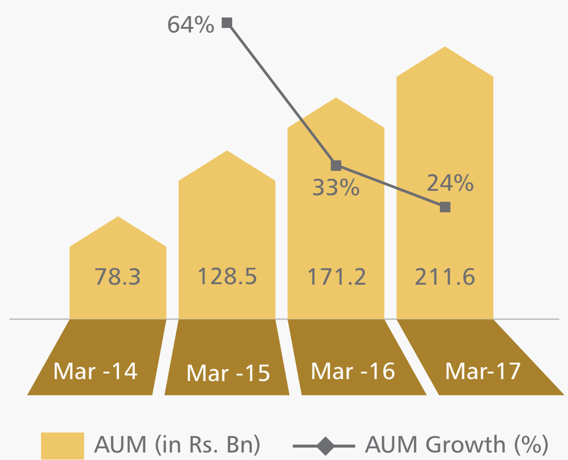
Outstanding NCD (as on February 7, 2018)
Rs.78.72 billion

Avg Monthly Daily Traded Volume
Rs.2.61 billion

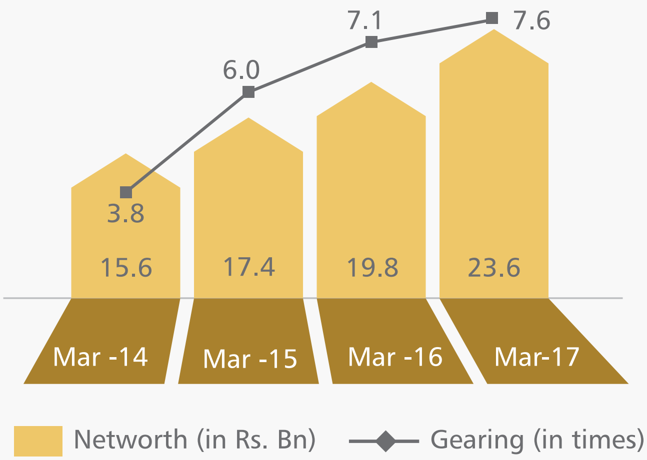
Long Term Rating
BWR AA+/SMERA AA+ /CRISIL AA /ICRA AA/CARE AA

Short Term Rating
CRISIL A1+/ICRA A1+/CARE A1+

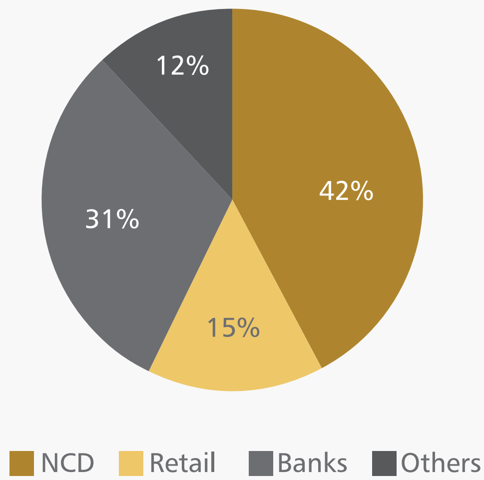
Trend in Total Assets and Growth



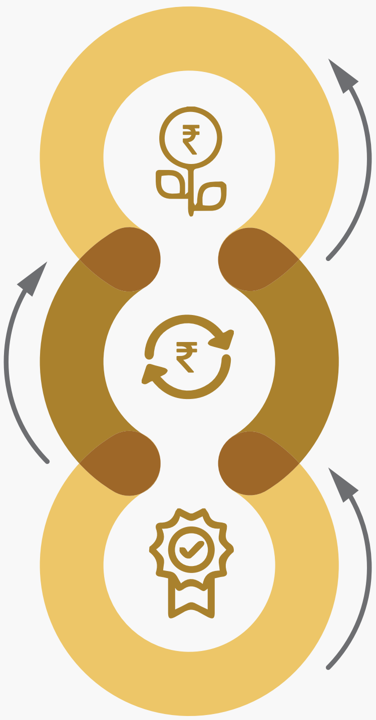
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017 (Group Mix)



Key Performance Assessment



Portfolio Size and Growth: The company has seen a sharp increase in its total assets to Rs.211.60 billion as on March 31, 2017 from Rs.78.30 billion as on March 31, 2014. Though the lending book primarily consists of structured credit and loans to real estate and construction companies, comfort is derived from experienced management team and strong focus on collateral.

Capitalisation: The company has comfortable capitalisation with networth of Rs.23.6 billion as on March 31, 2017. The gearing however is high at 7.6 times, and has been on upward trajectory over the past 4 years. Inspite of the high gearing levels, the capitalisation is expected to remain comfortable supported by healthy cash accruals and demonstrated ability to raise capital.

Asset Quality: The company's GNPA and NNPA stood at 1.85 percent and 0.64 percent respectively as on March 31, 2017, as compared to 1.88 percent and 0.49 percent respectively as on March 31, 2016. Net NPA/ Net-worth stood at 4.75 percent as on March 31, 2017 (3.10 percent as on March 31, 2016). As on June 30, 2017, GNPA, NNPA and Net NPA to Net-worth ratio improved marginally to 1.80 percent, 0.49 percent and 3.52 percent respectively.

Fullerton India Credit Company Limited

Company Factsheet

Incorporation Year
2006

Promoters/ Group
Temasek Group

Key Business Segment
Personal Loans, LAP, Rural Loans and Vehicle Finance

Geographical Presence
526 branches across 22 states

AUM (as on September 30, 2017)
Rs.126.26 billion

Total Debt (as on September 30, 2017)
Rs.104.94 billion

Market Capitalisation (as on February 5, 2018)
NA

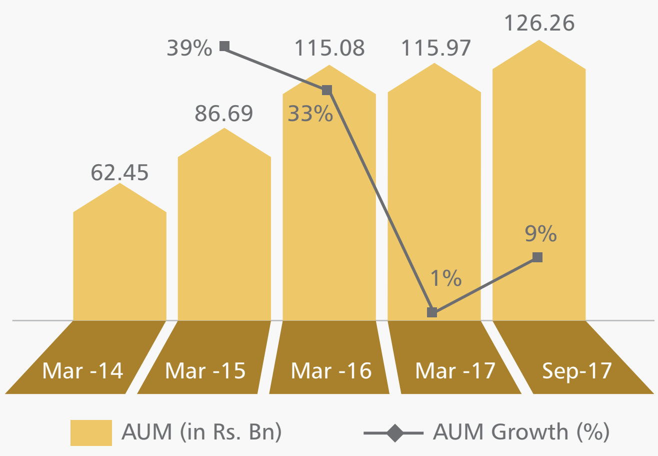
Outstanding NCD (as on February 7, 2018)
Rs.46.10 billion

Avg Monthly Daily Traded Volume
Rs. 0.73 billion

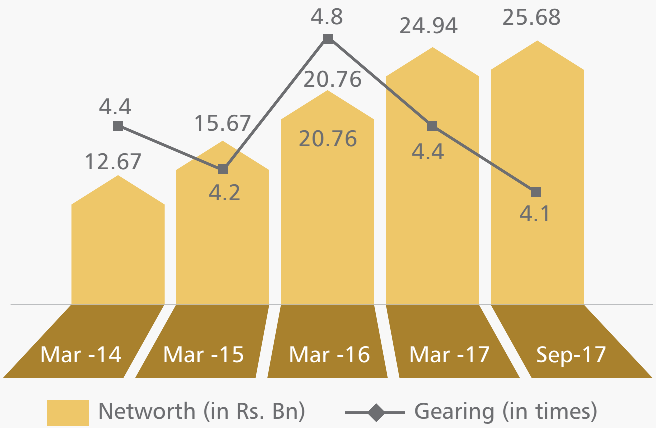
Long Term Rating
CARE AAA/ICRA AA+/IND AA+

Short Term Rating
CARE A1+/ICRA A1+/IND A1+

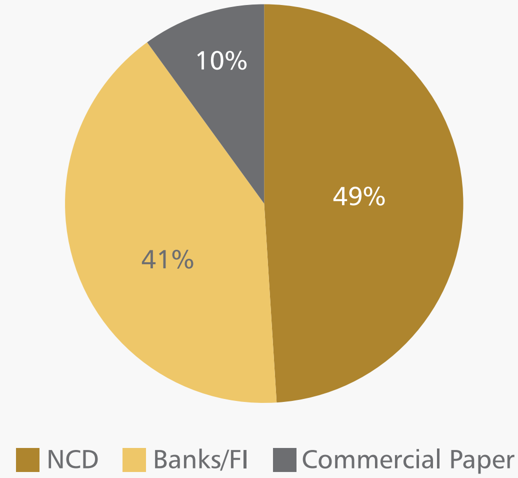
Trend in AUM and Growth



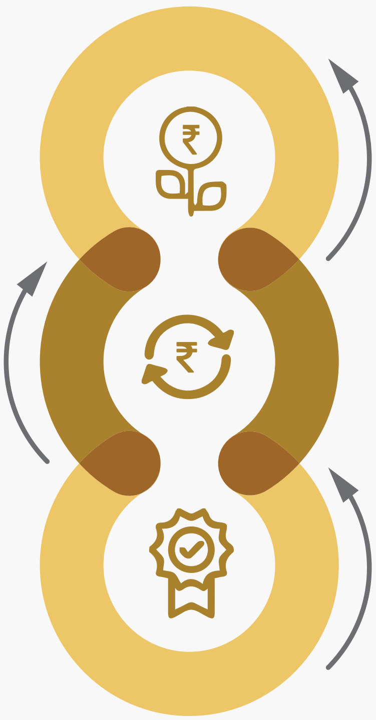
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company has strong parentage and diversified funding profile. These factors have resulted in the increase in AUM to Rs.126.3 billion as on September 30, 2017 from Rs. 62.4 billion as on March 31, 2014.

Capitalisation: The company's capitalisation levels have remained adequate and well above regulatory requirement, mainly supported by healthy internal accruals over the last few years. The company's CAR remains strong at 22.5 percent as on March 31, 2017 (Tier I of 16.3 percent) compared to 21.9 percent as on March 31, 2016 (Tier I of 16.1 percent). The company's gearing remains comfortable at 4.1 times as on September 30, 2017 (4.4 times as on March 31, 2017) thereby providing cushion for future growth.

Asset Quality: During FY 2016-17, the company's AUM growth was flat, due to management decision to temporarily limit fresh disbursals in rural segment and the normal impact of run-offs and repayments. During H1FY 2017-18, the growth improved to 18 percent (annualised) and AUM was Rs.126.3 billion as on September 30, 2017. Post demonetisation, the delinquencies in rural group loan book increased due to unavailability of cash and political interference which then stabilised in H1FY 2017-18.

HDFC Credila Financial Services Private Limited

Company Factsheet

Incorporation Year
2006

Promoters/ Group
HDFC Group

Key Business Segment
Education Loan

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.33.10 billion

Total Debt (as on March 31, 2017)
Rs.29.5 billion

Market Capitalisation (as on February 5, 2018)
NA

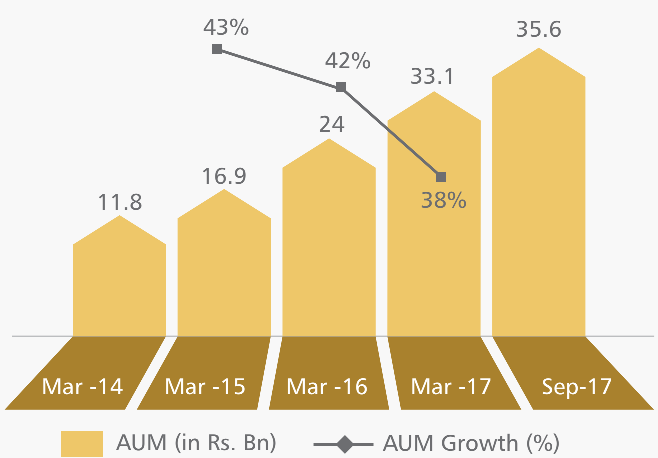
Outstanding NCD (as on February 7, 2018)
Rs.16.50 billion

Avg Monthly Daily Traded Volume
Rs.0.28 billion

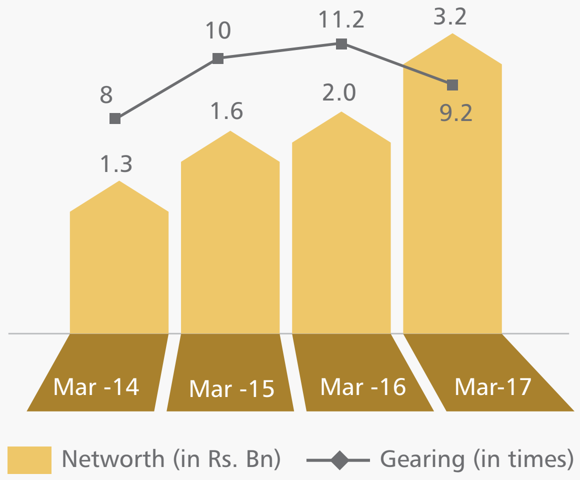
Long Term Rating
CRISIL AAA / ICRA AAA / CARE AAA

Short Term Rating
CRISIL A1+/ICRA A1+

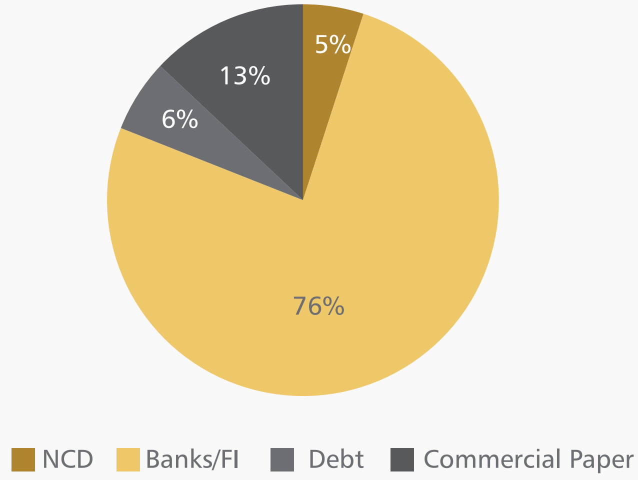
Trend in AUM and Growth



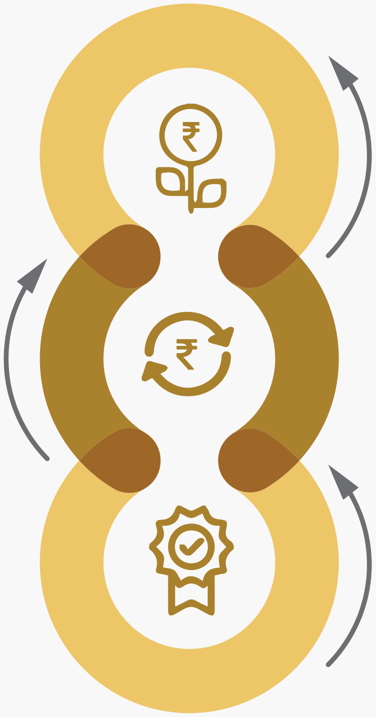
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM has increased from Rs.24 billion as on March 31, 2016 to Rs. 33 billion as on March 31, 2017, a year-on-year growth of 38 percent. The company has also showcased substantial growth over three 3 years ending March 31, 2017 with a CAGR of 41 percent. The sharp growth is driven by strong financial and operational support from the parent and adequate resource profile.

Capitalisation: The Company had high gearing of 9.4 times as on September 30, 2017 (9.2 times as on March 31, 2017), while networth was Rs 3.78 billion (including Rs. 0.67 billion of compulsory convertible preference shares from HDFC). Tier-1 and overall CAR were 10.6 percent and 17.4 percent, respectively, as on September 30, 2017.

Asset Quality: GNPA have remained low at 0.08 percent (based on 90 days NPA classification) as on September 30, 2017. However, given high growth in recent years, a significant part of the loans disbursed by the company are in the moratorium period and hence, the seasoning of the loan portfolio is limited at this stage.

Hinduja Leyland Finance Limited

Company Factsheet

Incorporation Year
2008

Promoters/ Group
Hinduja Group

Key Business Segment
Vehicle Finance and LAP

Geographical Presence
1500 branches across 24 states

AUM (as on March 31, 2017)
Rs.140.7 billion

Total Debt (as on March 31, 2017)
Rs.94.29 billion

Market Capitalisation (as on February 7, 2018)
NA

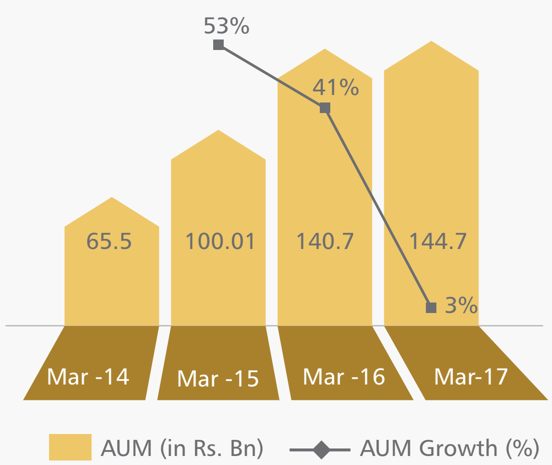
Outstanding NCD (as on February 7, 2018)
Rs.22.85 billion

Avg Monthly Daily Traded Volume
Rs. 1.76 billion

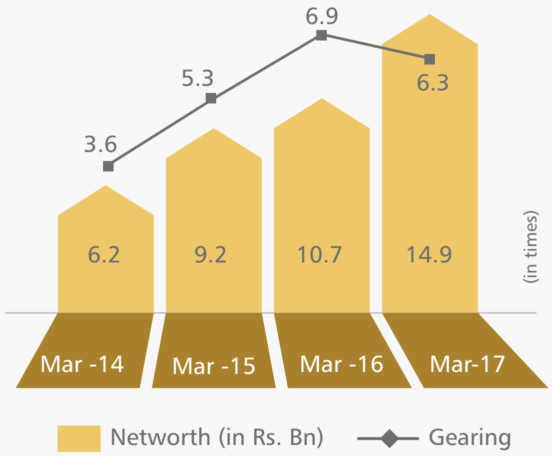
Long Term Rating
CRISIL AA-/ CARE AA-/ICRA A+/ IND A+

Short Term Rating
CRISIL A1+/ICRA A1+/CARE A1+

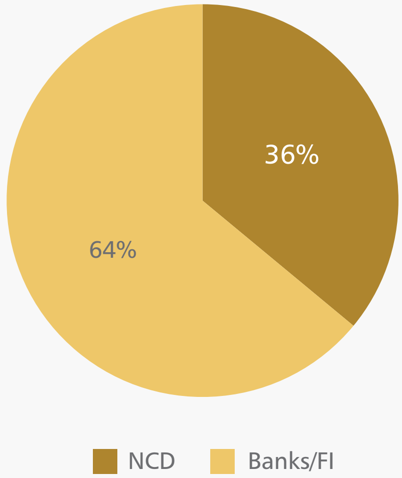
Trend in AUM and Growth



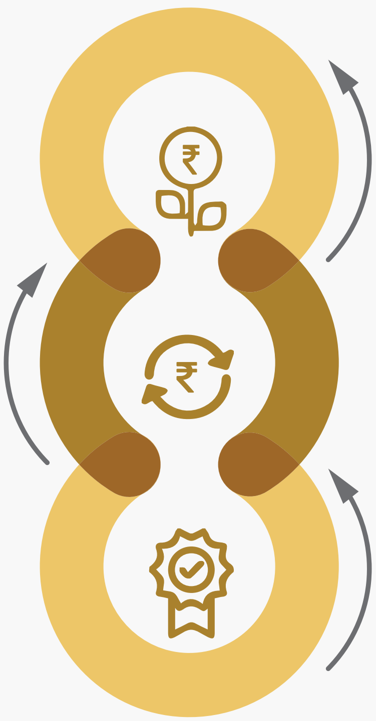
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has grown from Rs.100.0 billion as on March 31, 2016, to Rs.140.7 billion as on March 31, 2017, registering a year-on-year growth of 41 percent. AUM has also witnessed healthy CAGR growth of 53 percent over past 3 years ending March 31, 2017. The healthy growth is on account of the company's established market position in the vehicle financing space. The growth is further supported by management push to diversify the loan book into LAP segment.

Capitalisation: The company has moderate capitalisation with Capital Adequacy Ratio (CAR) and Tier 1 CAR of 15.8 percent and 11.2 percent as on March 31, 2017. The capitalisation is also supported by equity of Rs.3.5 billion raised through right issues during FY 2016-17 and Q1FY 2017-18.

Asset Quality: The company's asset quality is characterized by Gross NPAs (GNPA) (120+dpd) of 4.2 percent as on March 31, 2017 (150+dpd at 3.5 percent as on March 31, 2016). The company migrated to 120+ dpd NPA recognition norms during FY2016-17 and to 90+ dpd during the current fiscal. While the company's medium and heavy commercial vehicle segment asset quality improved over the years with the seasoning of portfolio, the two-wheeler, three-wheeler and car segments (together constituting 14 percent of portfolio as on March 31, 2017) witnessed a deterioration in asset quality.

India Infoline Finance Limited

Company Factsheet

Incorporation Year
1995

Promoters/ Group
IIFL Group

Key Business Segment
LAP, Home Loan, Real Estate, MSME, Capital Market Funding and Vehicle Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 222.8 Billion

Total Debt (as on March 31, 2017)
Rs.250.4 billion

Market Capitalisation (as on February 7, 2018)
NA

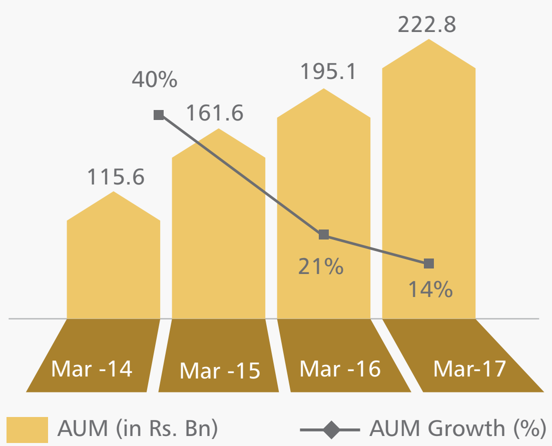
Outstanding NCD (as on February 7, 2018)
Rs.73.96 billion

Avg Monthly Daily Traded Volume
Rs. 0.99 billion

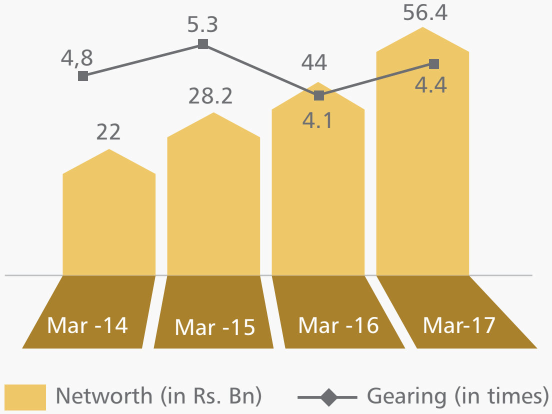
Long Term Rating
BWR AA+ / CRISIL AA / ICRA AA / CARE AA

Short Term Rating
CRISIL A1+/ICRA A1+

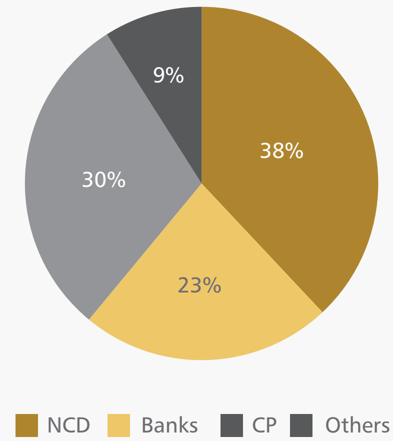
Trend in AUM and Growth



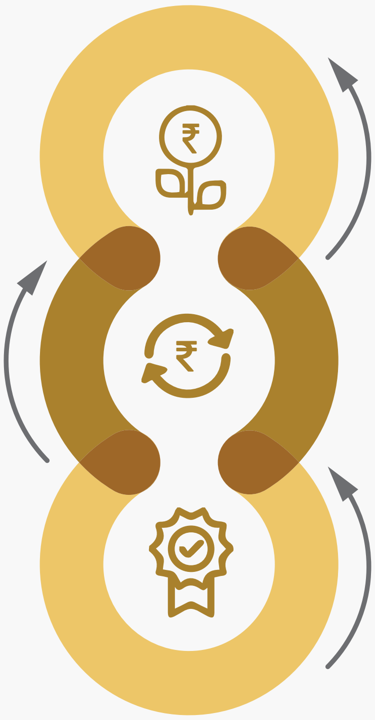
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company has witnessed a healthy CAGR growth of 24 percent over past 3 years ending March 31, 2017. The growth is on account of diversified lending book with mortgage segment accounting for 54 percent, capital market 20 percent, commercial vehicle 11 percent, gold loan 10 percent. The company's growth is also supported by its strong institutional ownership.

Capitalisation: As on March 31, 2017, the company's CAR was comfortable at 20.7 percent (FY 2015-16:17.71 percent) with Tier-I being 18.03 percent. Capital adequacy levels have improved on account of CDC Group's investment of Rs. 10.05 billion in the company through CCPS. As on December 31, 2017, the capitalization level was adequate with CAR ratio of 18.20 percent and Tier-I ratio of 16.8 percent.

Asset Quality: As on March 31, 2017, GNPA and NNPA were comfortable at 1.82 percent and 0.58 percent, respectively, at 120+dpd.

Indostar Capital Finance Limited

Company Factsheet

Incorporation Year
2009

Promoters/ Group
Everstone Capital, Goldman Sachs Group, Baer Capital, ACPI Investments and CDIB Capital International Corporation

Key Business Segment
Corporate Finance, Project Finance and SME Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.52.30 billion

Total Debt (as on March 31, 2017)
Rs. 33.80 billion

Market Capitalisation (as on February 7, 2018)
NA

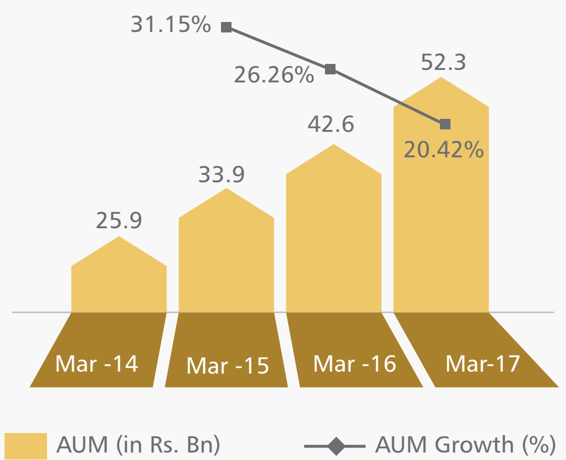
Outstanding NCD (as on February 7, 2018)
Rs.6.70 billion

Avg Monthly Daily Traded Volume
Rs.0.22 billion

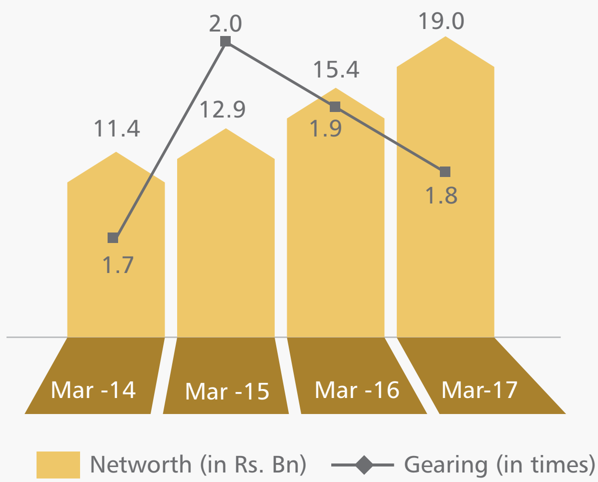
Long Term Rating
CARE AA-/IND AA-

Short Term Rating
CRISIL A1+/ICRA A1+/CARE A1+

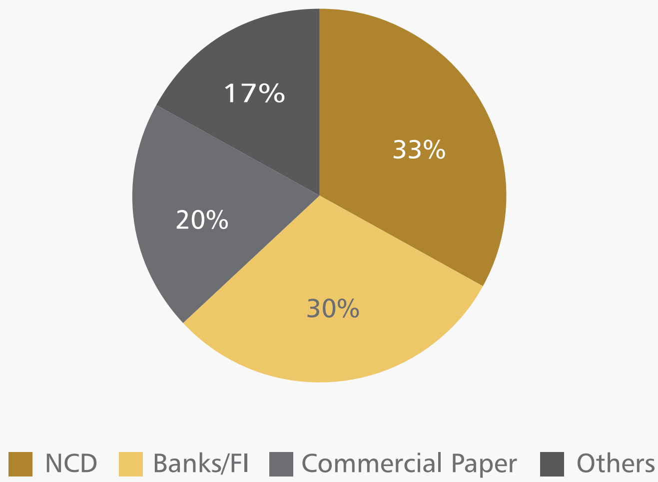
Trend in AUM and Growth



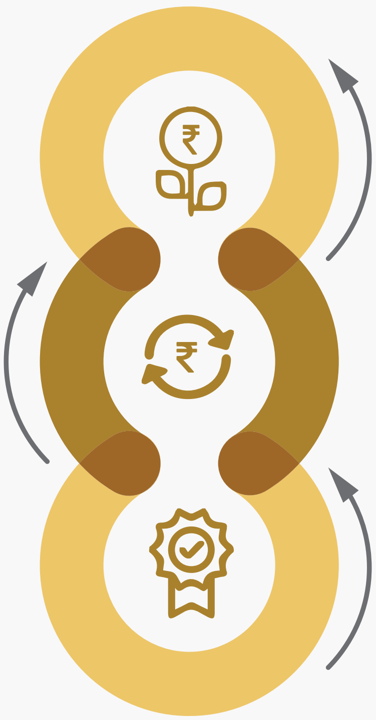
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has grown from Rs.42.6 billion as on March 31, 2016 to Rs.52.3 billion as on March 31, 2017 registering a year-on-year growth of 20.5 percent. AUM has also witnessed healthy CAGR growth of 26 percent over past 3 years ending March 31, 2017. The healthy growth is on account of the strong management team and established investor base.

Capitalisation: The company's capitalisation is strong with net worth of Rs. 19.00 billion and a gearing of 1.8 times as on March 31, 2017. Consequently, the company enjoys healthy financial flexibility on account of strong investor base. The company further received equity of ~Rs.1.50 billion in Q4FY 2016-17, from existing investors which will support business growth over the medium term.

Asset Quality: As on March 31, 2017, GNPA and NNPA stood at 1.41 percent [0.23 percent as on March 31, 2016] and 1.21 percent [0.19 percent as on March 31, 2016] while net NPA to networth stood at 3.29 percent. As on June 30, 2017, GNPA and NNPA ratio stood at 1.69 percent and 1.48 percent respectively. Although the NNPA has slightly increased, it continues to remain comfortable.

JM Financial Product Limited

Company Factsheet

Incorporation Year
1984

Promoters/ Group
JM Financial Group

Key Business Segment
Real Estate Finance, Capital Market Funding and Corporate Finance

Geographical Presence
Pan India

Loan Book (as on March 31, 2017)
Rs.54.99 billion

Total Debt (as on March 31, 2017)
Rs. 45.09 billion

Market Capitalisation (as on February 7, 2018)
NA

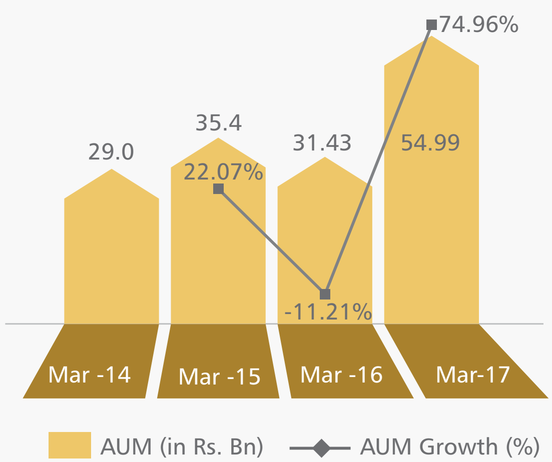
Outstanding NCD (as on February 7, 2018)
Rs. 23.01 billion

Avg Monthly Daily Traded Volume
Rs.0.66 billion

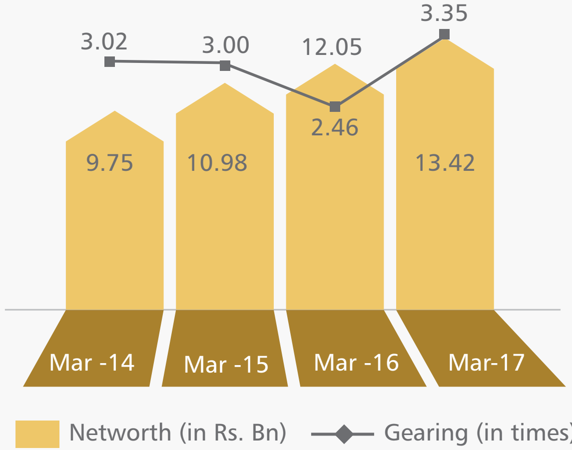
Long Term Rating
CRISIL AA/ICRA AA/CARE AA

Short Term Rating
CRISIL A1+/ICRA A1+/CARE A1+

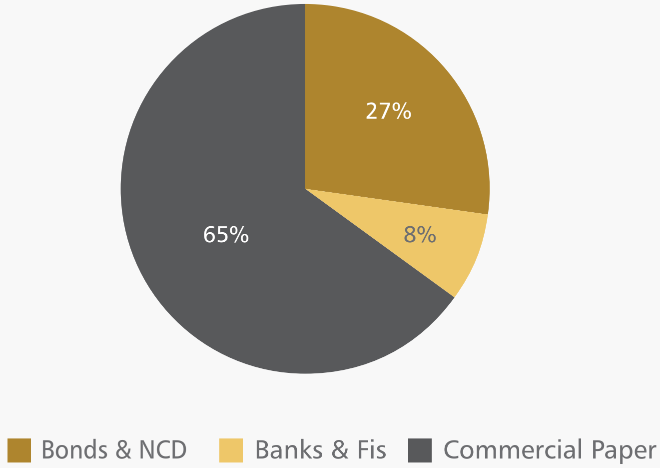
Trend in AUM and Growth



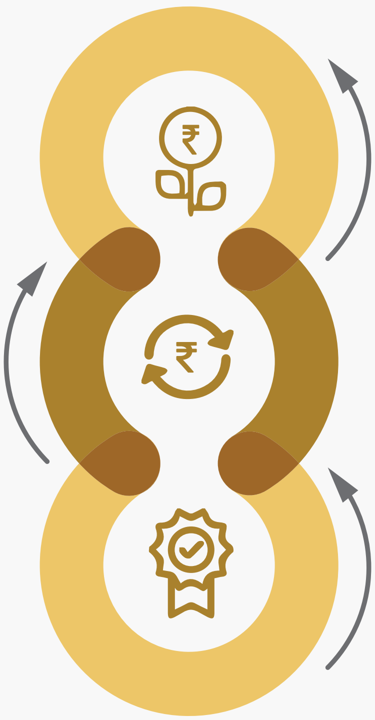
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has grown from Rs.31.4 billion as on March 31, 2016, to Rs.54.9 billion as on March 31, 2017 registering a year-on-year growth of 75 percent. AUM has also witnessed healthy CAGR growth of 24 percent over past 3 years ending March 31, 2017. The growth is on account of diversified product portfolio and strong presence in the capital markets.

Capitalisation: The company's financial policy is conservative. The company has healthy net worth of Rs.13.42 billion as on March 31, 2017. The gearing is also comfortable at 3.35 times as on March 31, 2017, as against 2.46 times as on March 31, 2016.

Asset Quality: The company has comfortable asset quality, with low GNPA and NNPA of 0.1 percent and 0 percent respectively as on March 31, 2017.

Kotak Mahindra Investments Limited

Company Factsheet

Incorporation Year
1988

Promoters/ Group
Kotak Mahindra Group

Key Business Segment
LAS, Real Estate Finance, Corporate and Structured Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 69.0 billion

Total Debt (as on March 31, 2017)
Rs.65.0 billion

Market Capitalisation (as on February 7, 2018)
NA

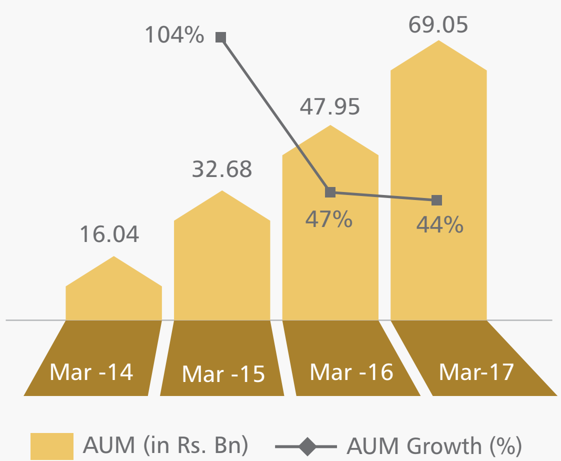
Outstanding NCD (as on February 7, 2018)
Rs.11.59 billion

Avg Monthly Daily Traded Volume
Rs.1.19 billion

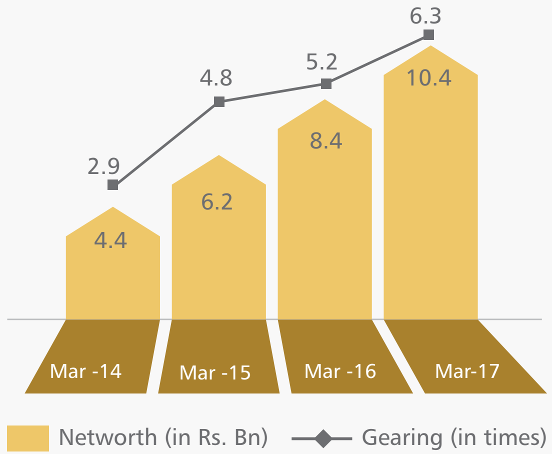
Long Term Rating
CRISIL AAA/ICRA AAA

Short Term Rating
CRISIL A1+/ICRA A1+

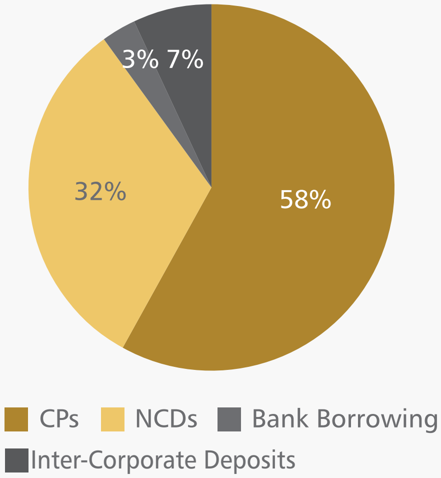
Trend in AUM and Growth



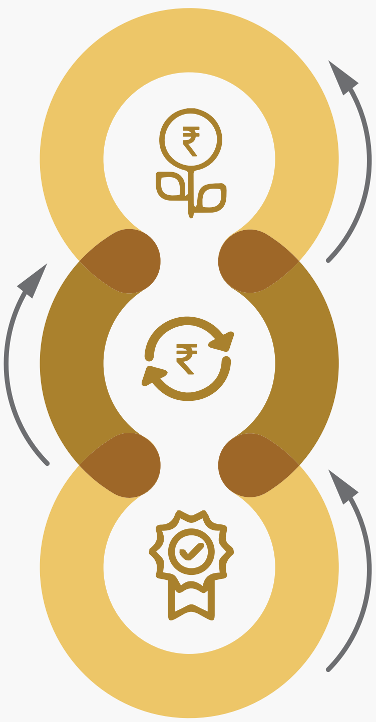
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company AUM has grown at a healthy CAGR of 63 percent over the past 3 years ending March 31, 2017. The AUM growth is primarily driven by high growth in the capital markets and real estate financing business.

Capitalisation: The company has healthy capitalisation levels with Tier I CAR of 13.8 percent and an overall CAR of 16.8 percent as on March 31, 2017, as against Tier I CAR of 16.9 percent and overall CAR of 18.2 percent on March 31, 2016. Additionally comfortable networth enhances its ability to absorb asset side risks. As on March 31, 2017 the company reported a healthy networth of Rs. 10.4 billion. The company's healthy capital profile is supported by demonstrated flexibility for raising capital and backing by Kotak Mahindra Group.

Asset Quality: The company exhibits healthy asset quality with GNPA of 0.12 percent and NNPA of 0.07 percent as on March 31, 2017.

Kotak Mahindra Prime Limited

Company Factsheet

Incorporation Year
1996

Promoters/ Group
Kotak Mahindra Group

Key Business Segment
Vehicle Finance, Dealer Finance and Loan Against Shares (LAS)

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 251.2 billion

Total Debt (as on March 31, 2017)
Rs. 217.2 billion

Market Capitalisation (as on February 7, 2018)
NA

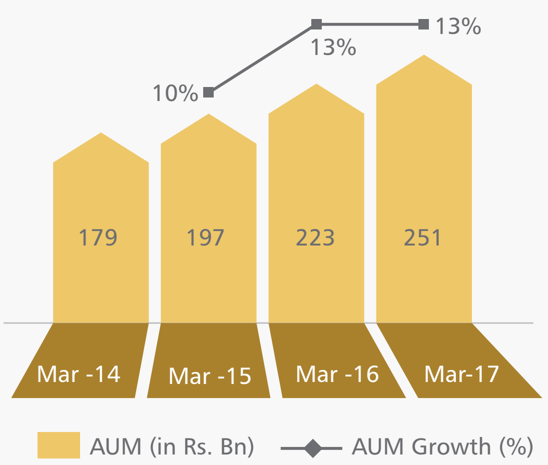
Outstanding NCD (as on February 7, 2018)
Rs.165.75 billion

Avg Monthly Daily Traded Volume
Rs.17.63 billion

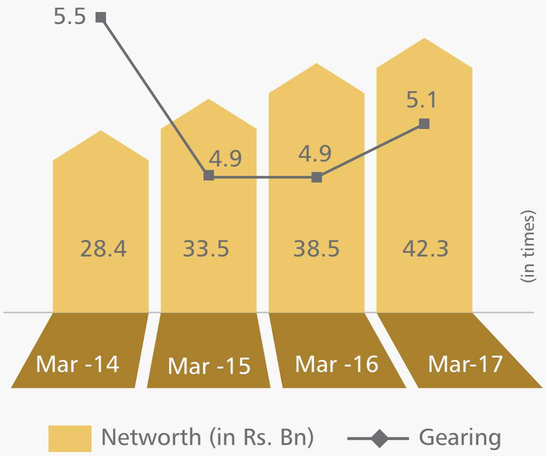
Long Term Rating
CRISIL AAA/ICRA AAA

Short Term Rating
CRISIL A1+/ICRA A1+

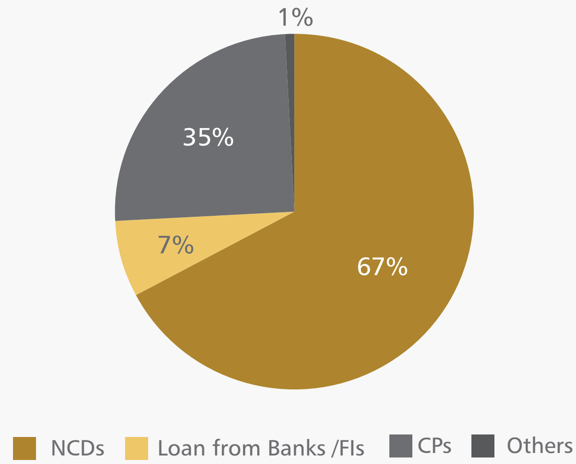
Trend in AUM and Growth



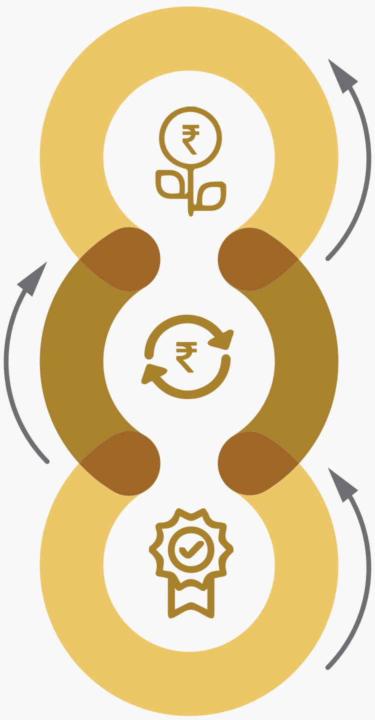
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has seen moderate CAGR growth of 12 percent over the past 3 years ending March 31, 2017. Auto advances, both retail auto and dealer finance contribute ~ 72 percent of the total AUM as on March 31, 2017. The company has also diversified into LAS and corporate loans thereby supporting the AUM growth.

Capitalisation: The company is well capitalised with a CAR of 15.76 percent (Tier I of 14.49 percent) as on September 30, 2017, supported by regular capital infusion from the parent. The gearing levels are also moderate at 5.43 times as on September 30, 2017 (5.1 times as on March 31, 2017). Further, the company, by virtue of being a part of the Kotak Mahindra Group has considerable financial flexibility to raise long term funding at competitive rates and support overall capitalisation profile.

Asset Quality: The company's asset quality has been strong with GNPA at 0.85 percent and NNPA at 0.40 percent as on September 30, 2017 (0.86 percent and 0.36 percent as on March 31, 2017) on the back of strong collection and recovery performance.

L&T Finance Limited

Company Factsheet

Incorporation Year
1993

Promoters/ Group
L&T Group

Key Business Segment
Corporate Finance, Vehicle Finance, Micro Loans and LAP

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.292.5 billion

Total Debt (as on March 31, 2017)
Rs.278.3 billions

Market Capitalisation (as on February 7, 2018)
NA

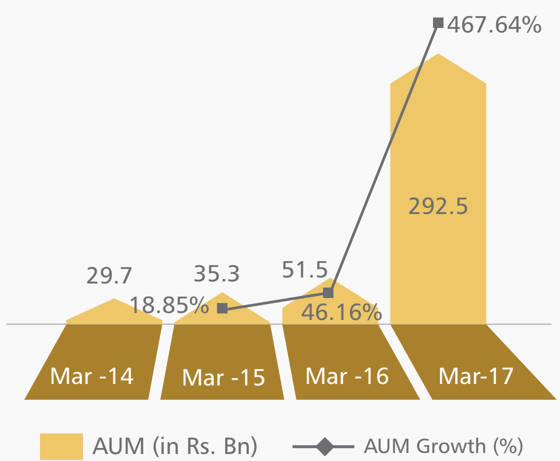
Outstanding NCD (as on February 7, 2018)
Rs.116.87 billion

Avg Monthly Daily Traded Volume
Rs.4.18 billion

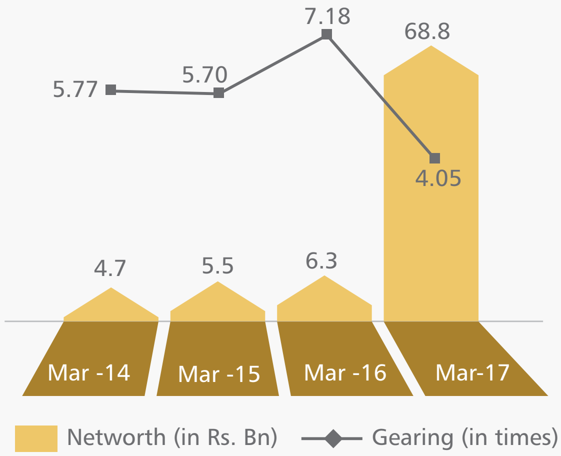
Long Term Rating
IND AAA/ICRA AA+

Short Term Rating
ICRA A1+

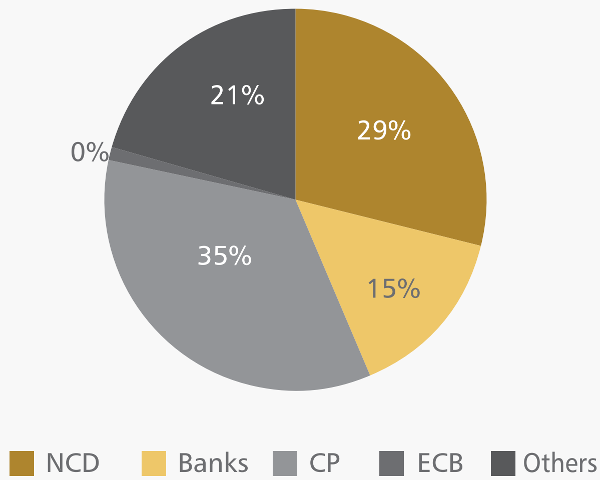
Trend in AUM and Growth



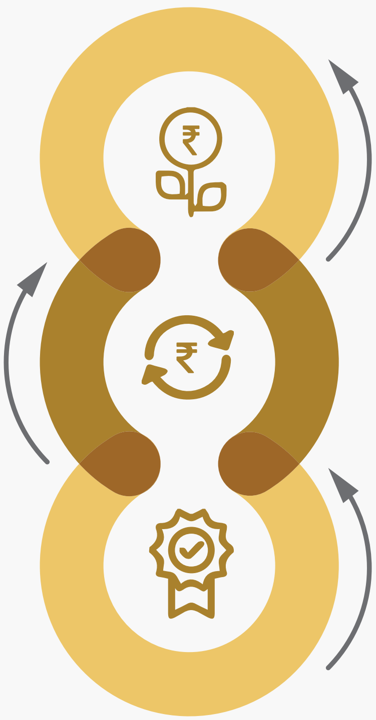
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM stands healthy at Rs. 292.5 billion as on March 31, 2017. The sharp increase is because of L&T Finance Holdings Limited's business restructuring, L&T Finance Limited and L&T FinCorp Limited (both entities now dissolved) were amalgamated with Family Credit Limited and the amalgamated entity was rechristened L&T Finance Limited.

Capitalisation: The company's CAR stood at 16.19 percent as on September 30, 2017. The gearing as on September 30, 2017, was 4.5 times. The capitalisation levels is supported by the strategic importance of the company to the group and the track record of capital infusion.

Asset Quality: The asset quality indicators for the company moderated during H1FY 2017-18 due to migration to stricter NPA recognition norms and due to slippages in few product segments. The GNPA and NNPA were reported at 8.4 percent and 5.1 percent (recognized at 90+ dpd) respectively as on September 30, 2017, as compared to 6.5 perent and 4.0 percent (recognized at 120+ dpd) respectively as on March 31, 2017.

Magma Fincorp Limited

Company Factsheet

Incorporation Year
1978

Promoters/ Group
Magma Group

Key Business Segment
Vehicle Finance and SME Loans

Geographical Presence
Pan India presence through 284 branches

AUM (as on March 31, 2017)
Rs.161.01 billion

Total Debt (as on March 31, 2017)
Rs. 85.11 billion

Market Capitalisation (as on February 7, 2018)
Rs.34.84 billion

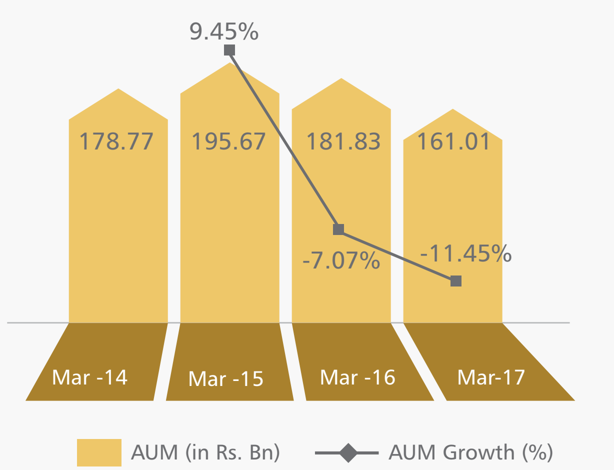
Outstanding NCD (as on February 7, 2018)
Rs.11.78 billion

Avg Monthly Daily Traded Volume
Rs.0.028 billion

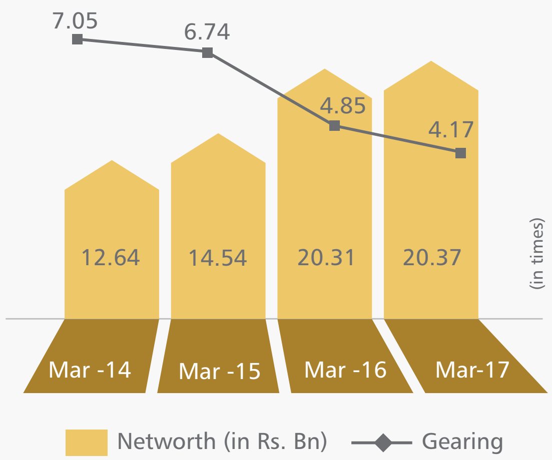
Long Term Rating
SMERA AA/BWR AA/CARE AA-/ ICRA AA-/IND AA-

Short Term Rating
CRISIL A1+/CARE A1+

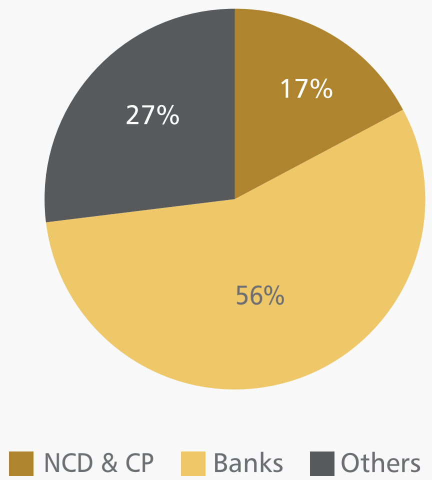
Trend in AUM and Growth



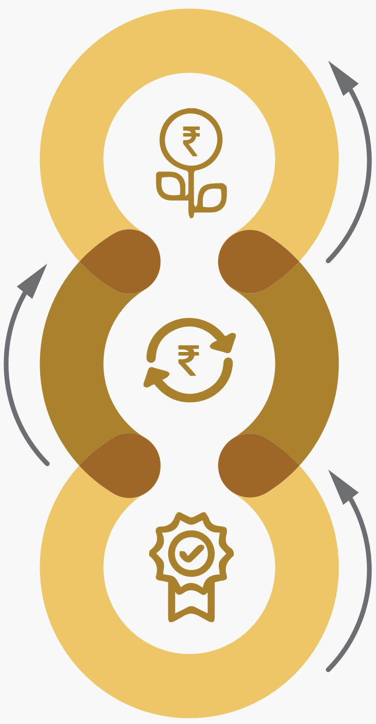
Trend in Networth and Gearing



Borrowing Mix as on 31 March 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM has declined over the past 2 years primarily on account of decline in disbursements coupled with sale of NPAs. The AUM however is healthy at Rs 161.0 billion as on March 31, 2017.

Capitalisation: The company's capitalisation is moderate with net worth and gearing of Rs 20.37 billion and 4.17 times respectively as on March 31, 2017. The networth increased in FY 2015-16 on account of equity infusion of Rs.5.0 billion. CAR improved from 18.72 percent as on March 31, 2016 to 20.37 percent as on March 31, 2017 mainly due to reduction in risk weighted assets in FY 2016-17. The same has further improved to 21.17 percent as on June 30, 2017.

Asset Quality: GNPA remains elevated at 6.7 percent as on March 31, 2017. However, it has improved from 8.1 percent as on March 31, 2016 because of sale of delinquent assets to asset reconstruction companies in last quarter of FY 2016-17.

Mahindra and Mahindra Financial Services Limited

Company Factsheet

Incorporation Year
1991

Promoters/ Group
Mahindra Group

Key Business Segment
Vehicle Finance

Geographical Presence
Semi-urban and rural presence through 1182 branches in 27 states and 4 union territories

AUM (as on September 30, 2017)
Rs.499.20 billion

Total Debt (as on September 30, 2017)
Rs.373.50 billion

Market Capitalisation (as on February 7, 2018)
Rs.271.19 billion

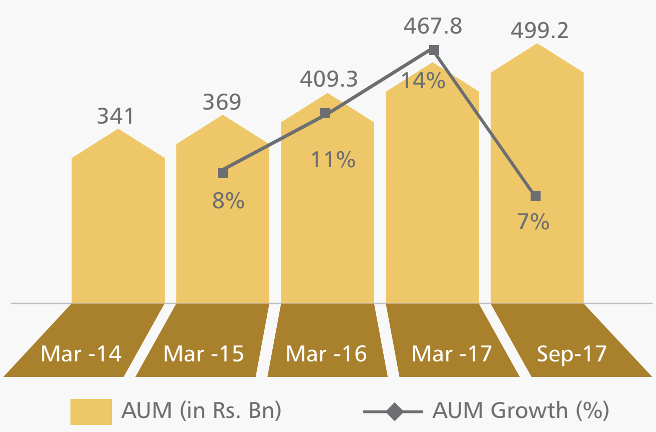
Outstanding NCD (as on February 7, 2018)
Rs.324.09 billion (Significant Issuances done in FY 2017-18)

Avg Monthly Daily Traded Volume
Rs.21.54 billion

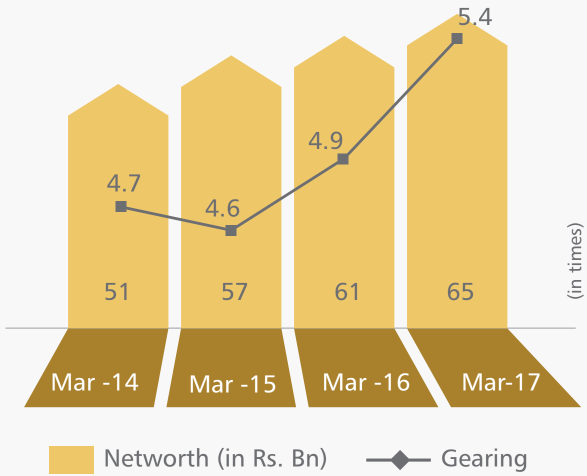
Long Term Rating
CARE AAA/BWR AAA/IND AAA/ CRISIL AA+

Short Term Rating
CRISIL A1+/IND A1+

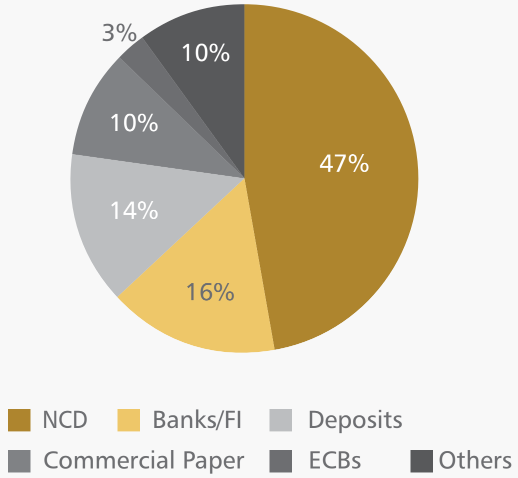
Trend in AUM and Growth



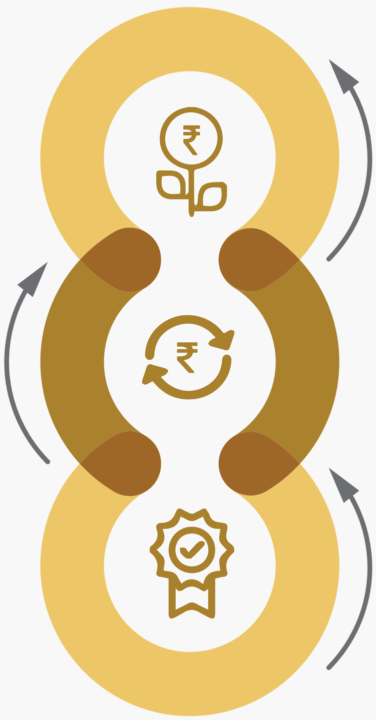
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has increased to Rs.467.8 billion as on March 31, 2017, from Rs.341.0 billion as on March 31, 2014, a CAGR of 21 percent over past 3 years. The growth in AUM is driven by the company's strong market position in the utility vehicle and tractor financing segments, given its status as Mahindra group's captive finance company, which enables the company to access the parent's widespread dealer network.

Capitalisation: The company has maintained comfortable CAR at or above 17 percent. As on March 31, 2017, the company reported CAR of 17.22 percent with a Tier I CAR at 12.81 percent. Further, the company has been consistently raising capital to fund business requirement and support business growth.

Asset Quality: The company has witnessed asset quality volatility over the last three years because of its presence in segments which are closely linked to the rural economy. The Company reported GNPA (on a 120+ dpd basis) of 9.9 percent and NNPA (on a 120+ dpd basis) of 4.05 percent as on March 31, 2017. Its Net NPA to Net worth ratio stood at 27.84 percent as on March 31, 2017.

Manappuram Finance Limited

Company Factsheet

Incorporation Year
1992

Promoters/ Group
Manappuram Group

Key Business Segment
Gold on Loan and LAP

Geographical Presence
Southern India

AUM (as on September 30, 2017)
Rs.116.00 billion

Total Debt (as on September 30, 2017)
Rs.92.00 billion

Market Capitalisation (as on February 7, 2018)
Rs.87.47 billion

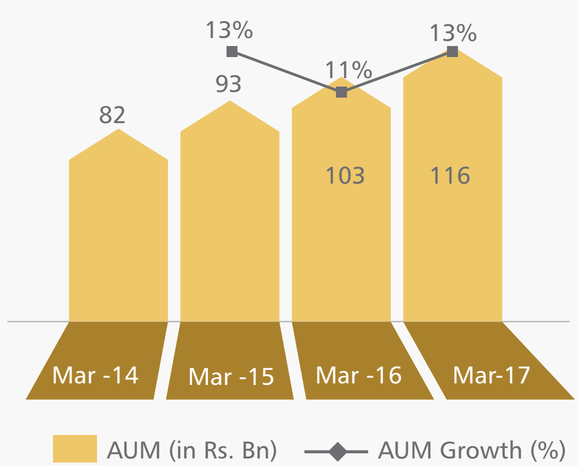
Outstanding NCD (as on February 7, 2018)
Rs.21.79 billion

Avg Monthly Daily Traded Volume
Rs.0.45 billion

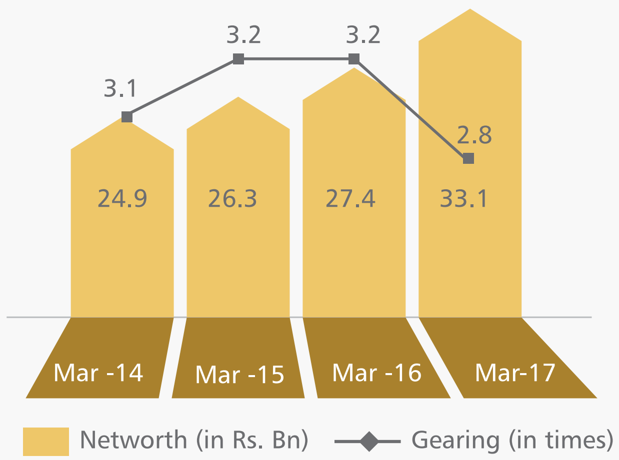
Long Term Rating
CARE AA/BWR AA/CRISIL AA-/ ICRA AA-

Short Term Rating
CRISIL A1+/CARE A1+

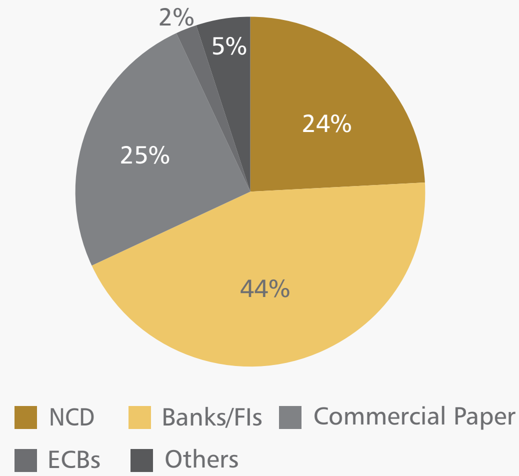
Trend in AUM and Growth



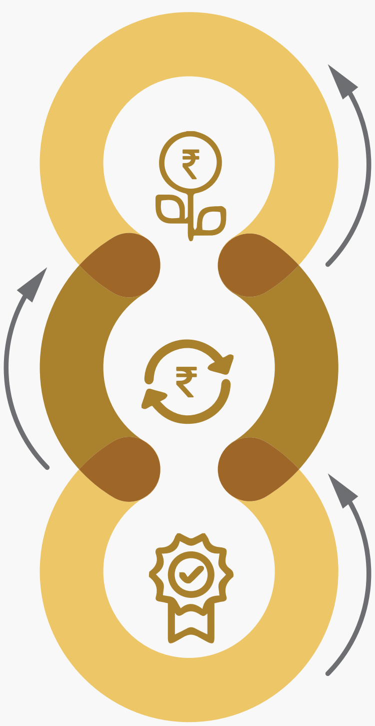
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company has a strong retail franchise, especially in South India, supported by its long standing presence in the gold loan business. The experience has resulted in the increase in AUM to Rs.116.0 billion as on March 31, 2017, from Rs. 82.0 billion as on March 31, 2014.

Capitalisation: The networth and gearing was healthy at Rs. 35.7 billion and 3.0 times, as on September 30, 2017. Strong accretion to networth and moderation in gold loan growth in the past two fiscals resulted in a healthy CAR of more than 25 percent as on March 31, 2017. Lower asset-side risk (security of gold) also supports capitalisation.

Asset Quality: The asset quality has seen moderation during FY 2016-17. The GNPA and NNPA levels have increased from 0.97 percent in FY 2015-16 to 2.02 percent in FY2016-17 and 0.75 percent in FY2015-16 to 1.71 percent in FY2015-16. The moderation in asset quality is mainly due to change in NPA recognition norms from 120 dpd to 90 dpd and demonetisation.

Motilal Oswal Financial Services Limited

Company Factsheet

Incorporation Year
2005

Promoters/ Group
Motilal Oswal Group

Key Business Segment
Retail and Wholesale Broking, Loan Against Shares, Margin Funding and Housing Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 233.8 billion

Total Debt (as on March 31, 2017)
Rs.50.12 billion

Market Capitalisation (as on February 7, 2018)
Rs. 167.87 billion

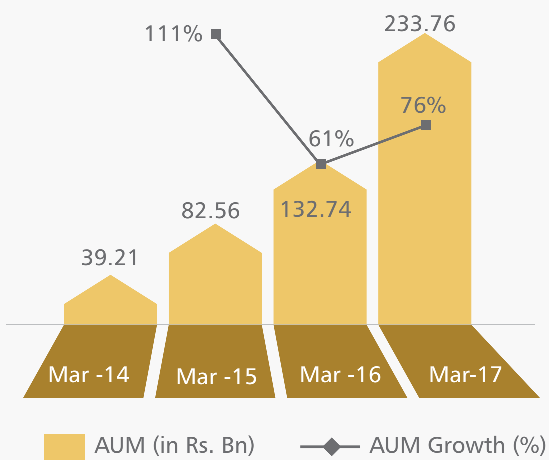
Outstanding NCD (as on February 7, 2018)
Rs. 15.02 billion

Avg Monthly Daily Traded Volume
Rs. 0.23 billion

Long Term Rating
ICRA AA

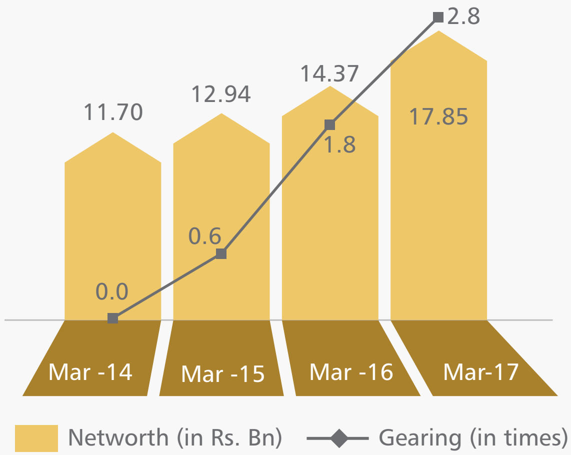
Short Term Rating
CRISIL A1+/IND A1+

Trend in AUM and Growth

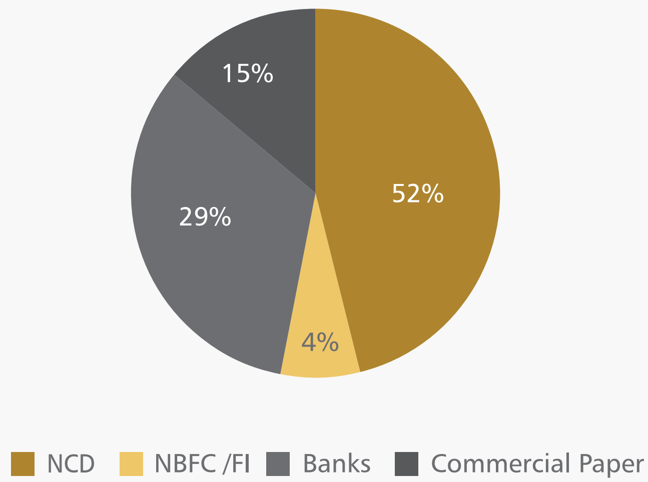


**Consolidated figures: Includes Motilal Oswal Financial Services Ltd and all its subsidiaries (including Aspire Home Finance Corporation Limited)*

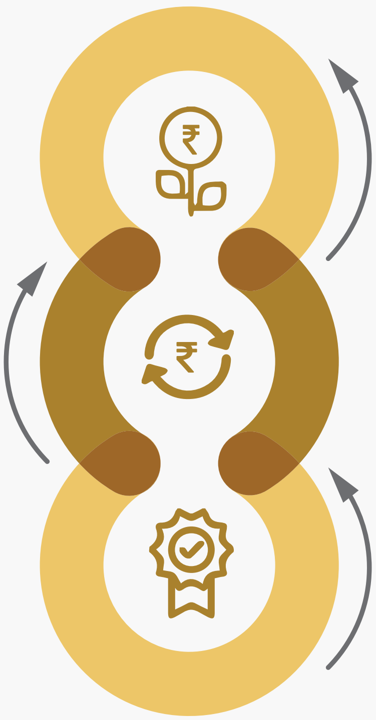
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company is a leading player in both the retail and institutional segments of the brokerage industry. The group had a retail network of over 0.85 million clients across 2,260 franchisees as on March 31, 2017. The group remains one of the stronger players in the institutional segment with empanelment from close to 630 entities. Further, the group has also forayed into housing finance in FY 2013-14, and had an outstanding loan book of Rs. 41.4 billion as on March 31, 2017. Overall, the group reported healthy AUM of Rs.233.8 billion as on March 31, 2017, which includes mutual fund, PMS and alternative investment fund.

Capitalisation: The company's capitalisation levels remain healthy with a net worth of Rs. 17.9 billion as on March 31, 2017, as against Rs. 14.4 billion as on March 31, 2016. With a gearing of ~2.8 times as on March 31, 2017, the group has confortable gearing. The gearing may however increase over the medium term with its foray in the housing finance segment.

Asset Quality: The GNPA in home loan business increased to 2.8 percent as on September 30, 2017 (0.6 percent as on March 30, 2017) mainly due to portfolio seasoning, impact of external factors like demonetisation, and challenges on the collection front. NPA in its margin-funding portfolio was negligible at 0.1 percent as on September 30, 2017, after the group made write offs last year.

Muthoot Fincorp Limited

Company Factsheet

Incorporation Year
1997

Promoters/ Group
Muthoot Pappachan Group

Key Business Segment
Gold Loan, SME and Microfinance

Geographical Presence
17 States

AUM (as on March 31, 2017)
Rs. 103.5 billion

Total Debt (as on March 31, 2017)
Rs. 109 billion

Market Capitalisation (as on February 7, 2018)
NA

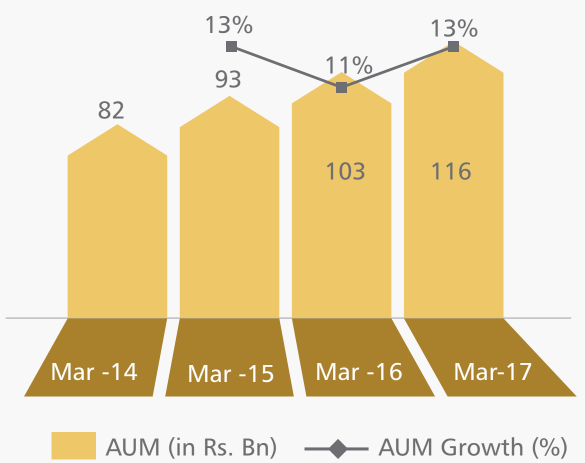
Outstanding NCD (as on February 7, 2018)
Rs.3.02 billion

Avg Monthly Daily Traded Volume
Rs.0.0031 billion

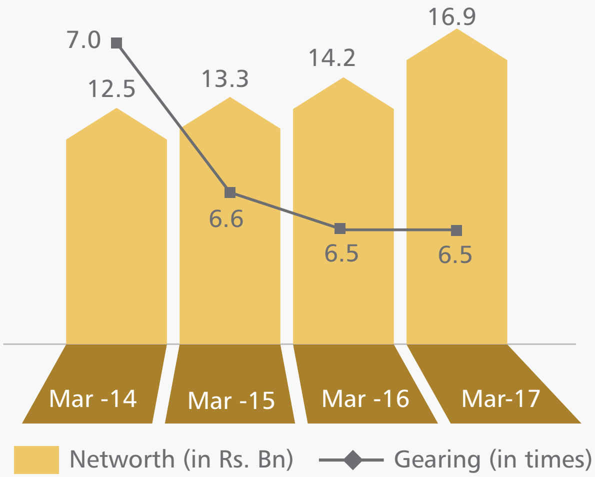
Long Term Rating
BWR A+/CRISIL A-/CARE A-

Short Term Rating
CRISIL A1/CARE A1

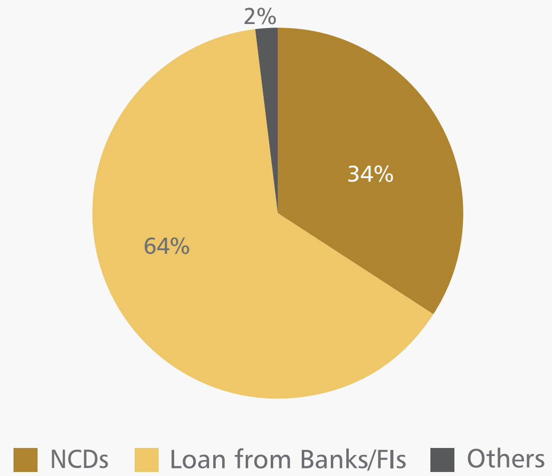
Trend in AUM and Growth



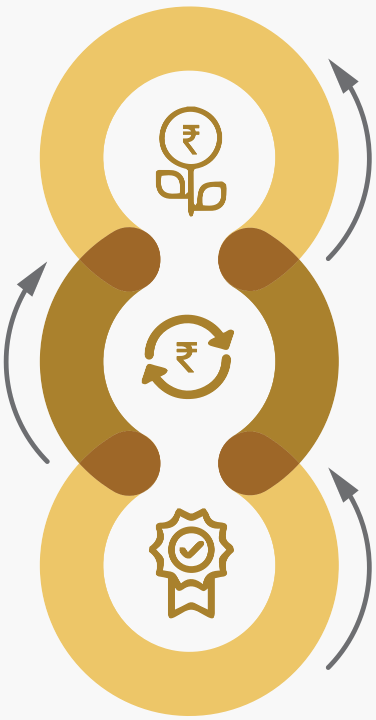
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: Overall growth in the AUM has been moderate at 9 percent from FY 2013-14 to FY 2016-17. The AUM grew from Rs.89.1 billion as on March 31, 2016 to Rs.103.5 billion as on March 31, 2017. The increase in portfolio is supported by significant growth in the gold loans portfolio.

Capitalisation: Regular capital infusion by the promoters has helped the company maintain capital adequacy levels. During March 2017, the promoters infused equity of Rs.1.5 billion in the company. As on March 31, 2017, it reported CAR of 21.42 percent with Tier I of 14.10 percent as compared with 21.00 percent CAR with Tier I of 13.79 percent as on March 31, 2016.

Asset Quality: GNPA and NNPA are healthy at 1.58 percent and 1.14 percent (based on 120+ days) as on March 31, 2017, as against 1.85 percent and 0.96 percent (Based on 150+ days) as on March 31, 2016.

Piramal Finance Limited

Company Factsheet

Incorporation Year
1974

Promoters/ Group
Piramal Group

Key Business Segment
Real Estate Finance (Construction Finance and LRD), Corporate Finance and Emerging Corporate Finance

Geographical Presence
Pan India

AUM (as on September 30,2017)
Rs. 241.4 billion

Total Debt (as on March 31, 2017)
Rs. 212.54 billion

Market Capitalisation (as on February 5, 2018)
NA

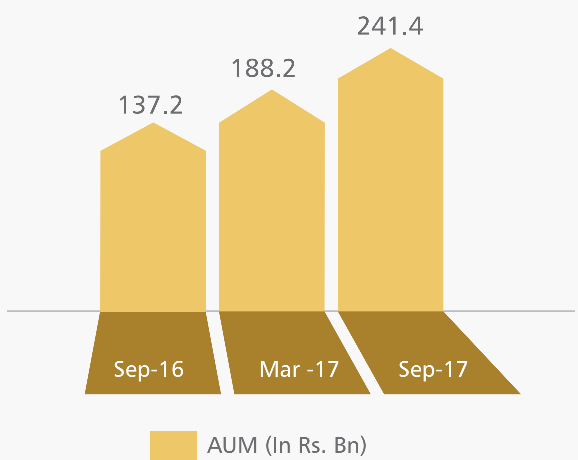
Outstanding NCD (as on February 7, 2018)
Rs. 60.45 billion

Avg Monthly Daily Traded Volume
Rs.1.50 billion

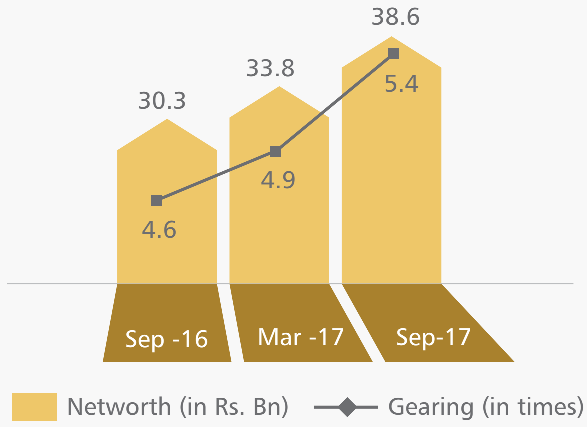
Long Term Rating
ICRA AA (Positive)/ CARE AA

Short Term Rating
CRISIL A1+/ICRA A1+

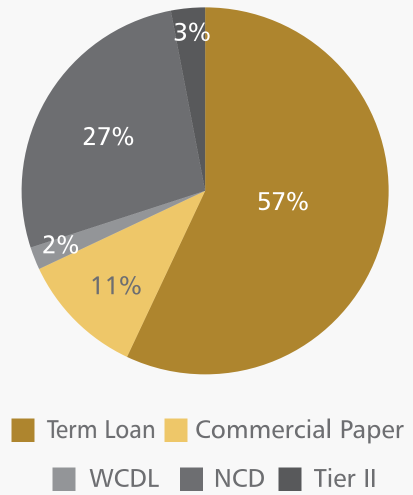
Trend in AUM and Growth



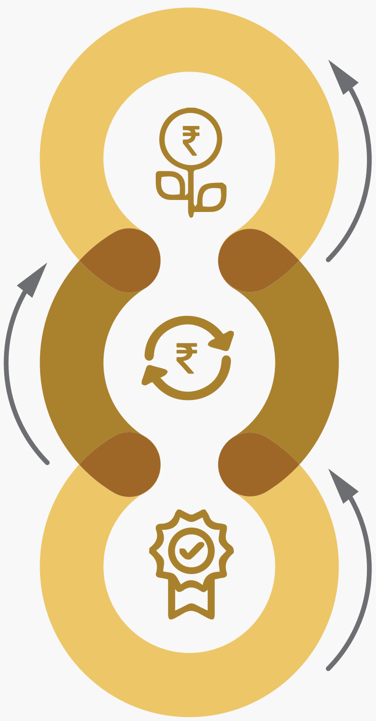
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The AUM of Piramal Finance Limited (PFL) grew significantly in FY 2016-17, as part of strategic operational restructuring. In H1FY2017 a large portion of loan book (Rs. 125.0 billion) was transferred from its parent, Piramal Enterprises Ltd (PEL). The AUM further increased to Rs.241.4 billion as on September 30, 2017, driven by increase in lending towards construction finance for residential projects and Lease Rental Discounting (LRD) in real estate domain and by increasing focus on its Corporate Finance Group (CFG) under which it lends to corporate clients across sectors (including cement, renewables, auto, services and entertainment) and Emerging Corporate Lending (ECL) under which it lends to small and emerging corporates (ticket size upto Rs. 100 crores), leading to gradual diversification of the loan book.
Further, in September 2017, Piramal Housing Finance Limited (PHFL), a subsidiary of PFL received housing finance license. The company offers home loans, small construction finance and loans against property and primarily caters to salaried individuals and self-employed professionals in the middle income to higher income groups in Tier 1 and Tier 2 cities. The Company has a loan book of Rs.5.0 billion as on December 31, 2017, primarily focused towards retail lending. This retail book of PHFL will diversify and increase the granularity of the loan book at the group level over the medium term.

Capitalisation: PFL's capitalisation ratio remains comfortable at 19.49 percent (Tier I of 15.02 percent) as on September 30, 2017, supported by equity infusion from its parent PEL. With the transfer of the loan book in H1FY 2017, PEL infused equity to tune of Rs. ~24.0 billion, which led to increase in its net worth to Rs. 38.55 billion as on September 30, 2017 from Rs. 6.15 billion as on March 31, 2016. Further its parent has committed large capital infusion of ~Rs. 50.00 billion out which majority of infusion is expected in current fiscal, post which PFL shall be part of exclusive set of NBFCs with that range of own funds.

Asset Quality: The asset quality is comfortable with improvement in Gross NPA (GNPA) and Net NPA (NNPA) ratio of 0.44 percent and 0.35 percent respectively as on March 31, 2017, in comparison to GNPA and NNPA of 8.51 percent and 7.66 percent as on March 31, 2016. The NNPA to Tangible net-worth ratio stood at 2.03 percent as on March 31, 2017 as against 8.98 percent as on March 31, 2016. The GNPA and NNPA ratio (on 90 d-p-d) stood at 0.16 percent and 0.11 percent respectively as on September 30, 2017. The company has a policy of maintaining 2 percent provision on standard assets as against the regulatory requirement of 0.4 percent provisions.

Reliance Commercial Finance Limited

Company Factsheet

Incorporation Year
2008

Promoters/ Group
Reliance Group

Key Business Segment
SME Loans, LAP, Vehicle Finance, Infrastructure Finance and Construction Finance

Geographical Presence
Pan India

AUM (as on September 30, 2017)
Rs.162.81 billions

Total Debt (as on March 31, 2017)
Rs. 118.16 billion

Market Capitalisation (as on February 7, 2018)
NA

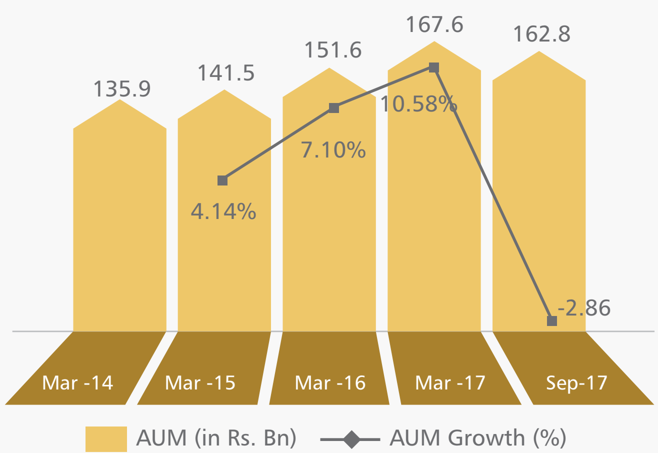
Outstanding NCD (as on February 7, 2018)
NA

Avg Monthly Daily Traded Volume
Rs.0.17 billion

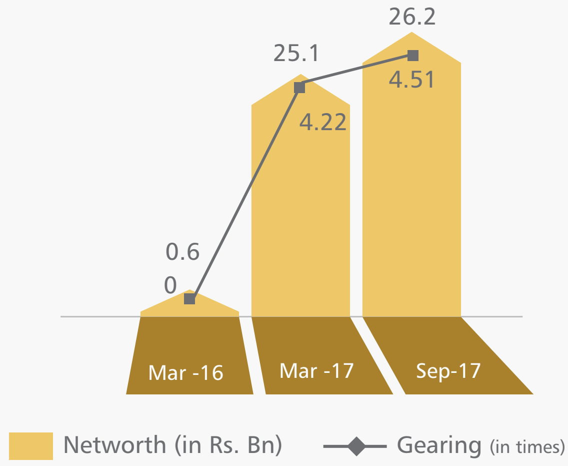
Long Term Rating
CARE AA+/BWR AA+

Short Term Rating
ICRA A1+/BWR A1+

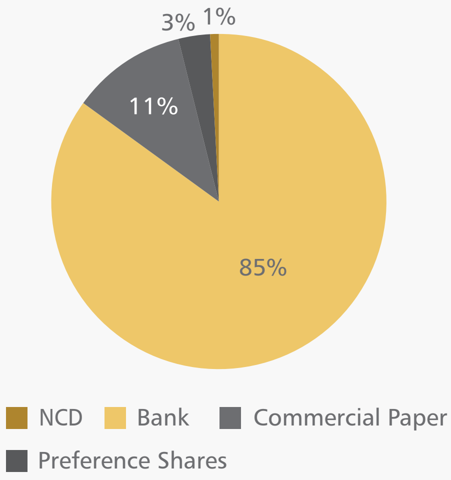
Trend in AUM and Growth



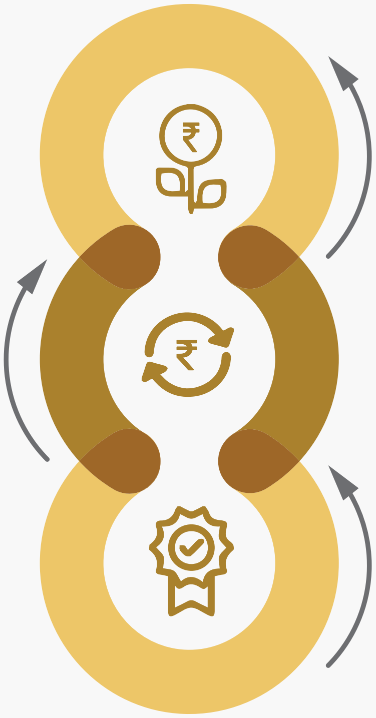
Trend in Networth and Gearing



Borrowing Mix as on 30 September, 2017



Key Performance Assessment



Portfolio Size and Growth: The commercial finance business of Reliance Capital Limited (RCL) has been demerged into its wholly owned subsidiary Reliance Commercial Finance Limited (RCFL) as on April 1, 2016. RCFL had a healthy AUM of Rs. 162.8 billion as on September 30, 2017, with outstanding AUM of Rs.126.5 billion and securitised portfolio of Rs. 36.3 billion. The AUM is also well diversified with presence across SME funding, mortgage funding, construction finance, infrastructure finance, supply chain finance, MFI loans, vehicle finance and construction equipment finance.

Capitalisation: Post demerger of commercial finance business from RCL, RCL retained its market borrowings while bank borrowings are transferred to RCFL. The company reported CAR and Tier I CAR of 17.19 percent and 14.16 percent, respectively. The company's gearing levels stood at 4.2 times as on March 31, 2017. As on September 30, 2017, the company reported CAR of 17.60 percent with Tier I CAR at 14.56 percent. The capitalization levels of the company stands moderate, however, the company reported some improvement in capitalization levels during H1 FY2017-18 because of aggressive securitization. The company's gearing levels stood at 4.5 times as on September 30, 2017.

Asset Quality: The asset quality parameters of RCFL stand moderate. As on March 31, 2017, the company reported GNPA and NNPA ratio (on outstanding loan book) of 4.9 percent and 4.1 percent, respectively. As on September 30, 2017, the company reported GNPA and NNPA ratio (on outstanding loan book) of 5.2 percent and 4.2 percent, respectively. The company witnessed volatility in asset quality parameters during the last couple of years on account of stress in construction equipment, commercial vehicle and infrastructure loans.

Shriram City Union Finance Limited

Company Factsheet

Incorporation Year
1986

Promoters/ Group
Shriram Group

Key Business Segment
Retail Finance (SME Finance, 2 wheeler Finance and gold loans)

Geographical Presence
1000 branches with 80 percent in semi-urban areas

AUM (as on September 30,2017)
Rs.248.90 billion

Total Debt (as on March 31, 2017)
Rs.172.90 billion

Market Capitalisation (as on February 5, 2018)
Rs.128.59 billion

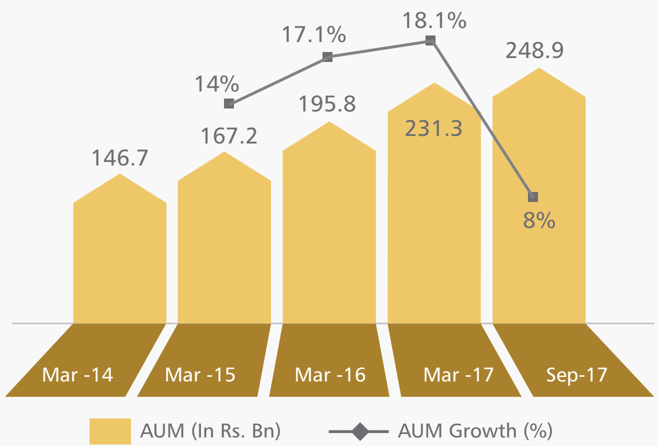
Outstanding NCD (as on February 7, 2018)
Rs.36.15 billion

Avg Monthly Daily Traded Volume
Rs.0.86 billion

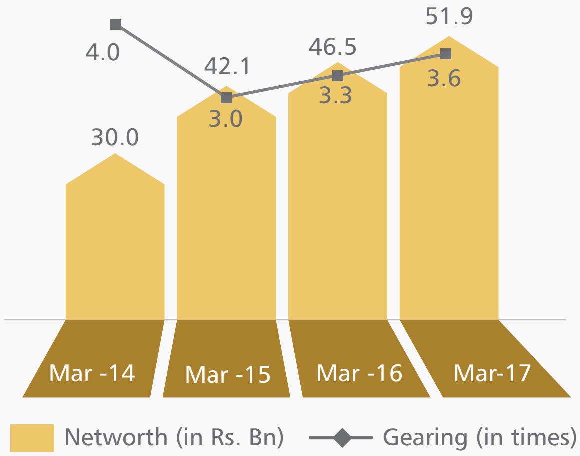
Long Term Rating
CARE AA+ /ICRA AA/IND AA/ CRISIL AA-

Short Term Rating
CARE A1+/ICRA A1+/IND A1+/ CRISIL A1+

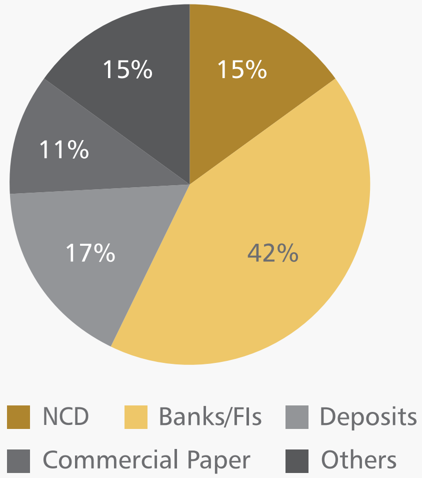
Trend in AUM and Growth



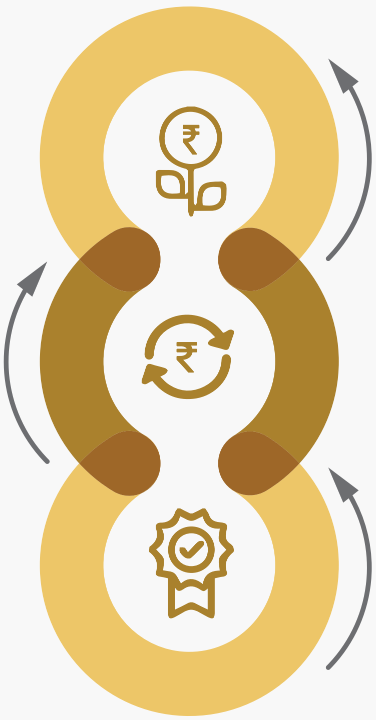
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM grew at an accelerated pace of 18.2 percent year-on-year and stood at Rs 231.3 Billion (as compared to Rs 195.7 Billion, up 17.1 percent Y-o-Y in fiscal 2016). The company's AUM has grown at a sustainable pace with a three year CAGR of 16 percent as on March 31, 2017. Overall, the company's segment wise portfolio breakup has remained constant in the last three years, with SME loans constituting more than half of the AUM.

Capitalisation: The company has healthy capitalization underpinned by sizable absolute net worth of Rs 51.9 billion and a Tier 1 and an overall capital adequacy ratio of 22.25 percent and 23.91 percent respectively as on March 31, 2017. The company's capitalization remains strong driven by continued support from the Shriram group, and is expected to remain comfortable over the medium term. Gearing remains comfortable at 3.6 times as on March 31, 2017.

Asset Quality: The asset quality parameters have seen moderation in the last 3 years primarily in the small business loans, loan against gold and 2 wheeler segments. The company has reported GNPA of 6.73 percent and NNPA of 1.79 percent as on March 31, 2017 (120 dpd) as against GNPA of 5.15 percent and NNPA of 1.56 percent as on March 31, 2016 (150 dpd). As per changes in regulation, the company has moved to NPA recognition from 150 dpd to 120 dpd as on March 31, 2017.

Shriram Transport Finance Company Limited

Company Factsheet

Incorporation Year
1979

Promoters/ Group
Shriram Group

Key Business Segment
Vehicle Finance

Geographical Presence
Pan India presence through 918 branches and 854 rural centers

AUM (as on March 30,2017)
Rs.787.60 billion

Total Debt (as on March 31, 2017)
Rs.530.80 billion

Market Capitalisation (as on February 5, 2018)
Rs.300.66 billion

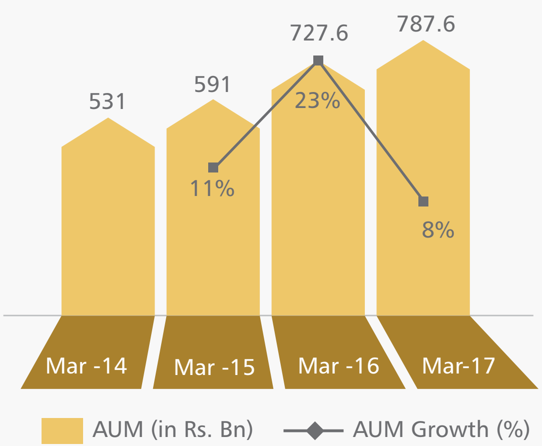
Outstanding NCD (as on February 7, 2018)
Rs.217.0. billion

Avg Monthly Daily Traded Volume
Rs.13.05 billion

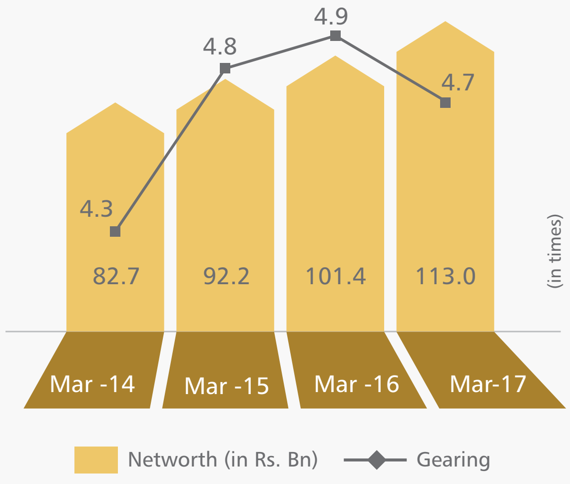
Long Term Rating
CRISIL AA+/CARE AA+/IND AA+

Short Term Rating
CRISIL A1+/CARE A1+/IND A1+

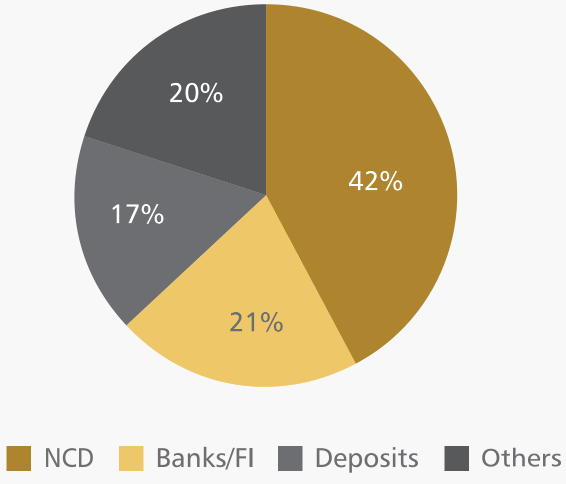
Trend in AUM and Growth



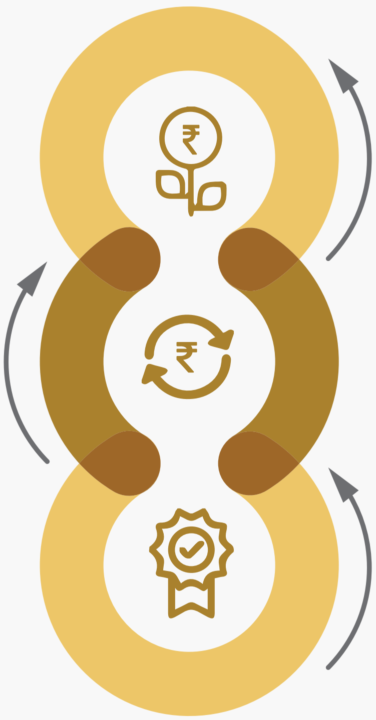
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: AUM has increased to Rs.787.6 billion as on March 31, 2017 from Rs.565.30 billion as on March 31, 2014, a CAGR of 12 percent over past 3 years. The company has strong market position in the organised pre-owned commercial vehicle financing market in India, and is the largest commercial financer in India, with a market share of over 25 percent as on March 31, 2017.

Capitalisation: The company has comfortable capitalisation, backed by networth of Rs.113.0 billion which is the highest among asset finance NBFCs, and adequate gearing of 4.7 times as on March 31, 2017. The company's Tier I and overall CAR stood at 15.2 percent and 16.9 percent respectively as on March 31, 2017, which is adequate to support company's growth plans over the medium term.

Asset Quality: The company's GNPA have increased given transition norms, delinquencies in equipment financing, and demonetisation. GNPA increased to 8.16 percent as on March 31, 2017, from 6.18 percent as on March 31, 2016, with shift to 120+ dpd from Q4 FY2016-17.

Sundaram Finance Limited

Company Factsheet

Incorporation Year
1954

Promoters/ Group
Sundaram Group

Key Business Segment
Vehicle Finance

Geographical Presence
Pan India presence through 586 branches

AUM (as on March 30,2017)
Rs.207.40 billion

Total Debt (as on March 31, 2017)
Rs.138.75 billion

Market Capitalisation (as on February 5, 2018)
Rs.182.76 billion

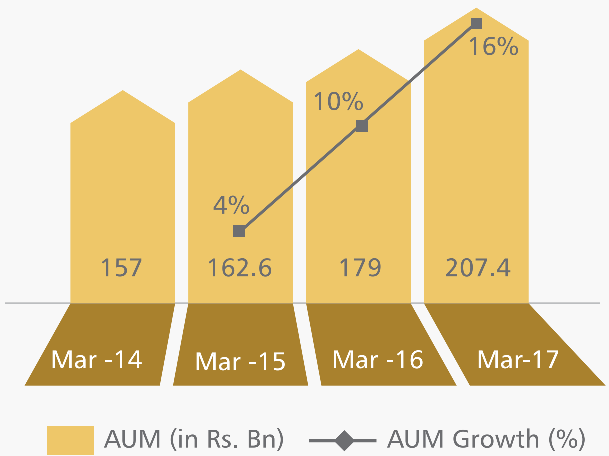
Outstanding NCD (as on February 7, 2018)
Rs.62.27 billion

Avg Monthly Daily Traded Volume
Rs.6.51 billion

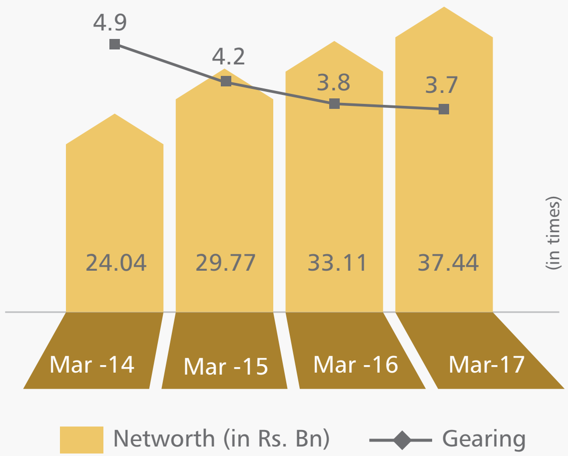
Long Term Rating
CRISIL AAA/ICRA AAA/IND AA+

Short Term Rating
CRISIL A1+/ICRA A1+/IND A1+

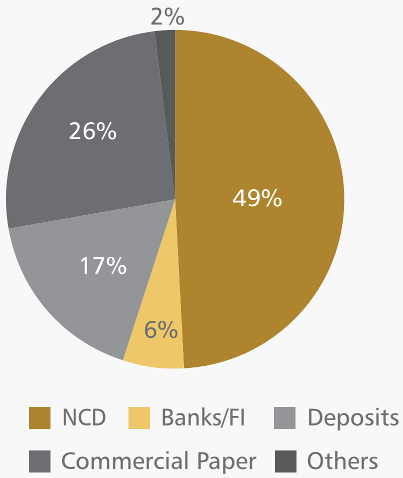
Trend in AUM and Growth



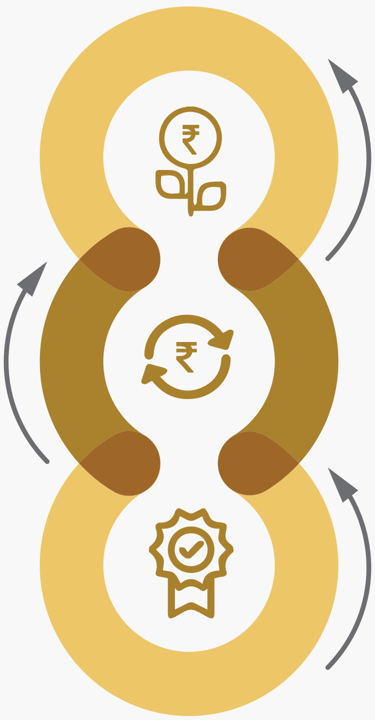
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company's AUM was Rs. 207.4 billion as on March 31, 2017 and has grown at a modest CAGR of 10 percent over past 3 years ending March 31, 2017, given the low primary market sales during the period. Commercial Vehicle financing, at 52.7 percent, accounted for bulk of the company's total disbursements during FY 2016-17, followed by cars and utility vehicles financing at 31.4 percent.

Capitalisation: The company is well capitalised, as reflected by its Tier-I CAR and overall CAR of 14.4 percent and 17.9 percent respectively, as on March 31, 2017. The company also has healthy networth and gearing of Rs.37.5 billon and 3.7 times respectively as on March 31, 2017.

Asset Quality: The company's asset quality is healthy as reflected in its GNPA and NNPA of 1.54 percent and 0.55 percent, respectively, as on March 31, 2017 (2.1 percent and 0.9 percent, respectively, as on March 31, 2016) The portfolio collection efficiency is also healthy at 97.2 percent during FY 2016-17.

Tata Capital Financial Services Limited

Company Factsheet

Incorporation Year
2010

Promoters/ Group
Tata Group

Key Business Segment
Corporate Finance, Infrastructure Finance and Retail Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.318.10 billion

Total Debt (as on March 31, 2017)
Rs.272.80 billion

Market Capitalisation (as on February 7, 2018)
NA

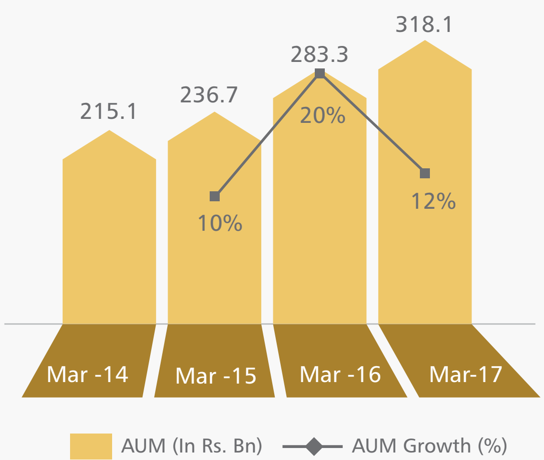
Outstanding NCD (as on February 7, 2018)
Rs.86.28 billion

Avg Monthly Daily Traded Volume
Rs.11.77 billion

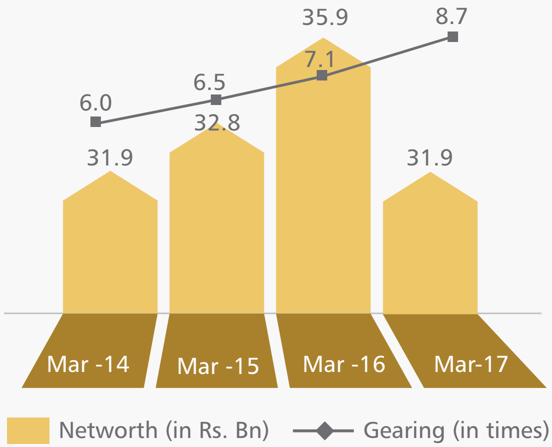
Long Term Rating
CRISIL AA+/ICRA AA+/CARE AA+

Short Term Rating
CRISIL A1+/ICRA A1+

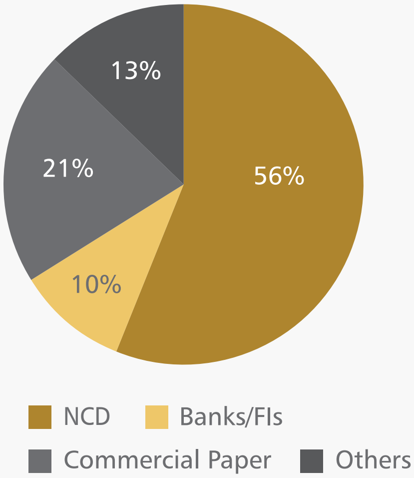
Trend in AUM and Growth



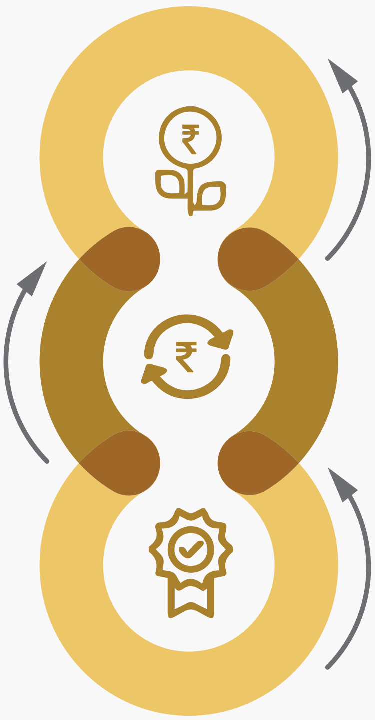
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company has AUM of Rs 318.2 billion as on March 31, 2017, up 12 percent year-on-year from Rs 283.3 billion as on March 31, 2016. The mix between corporate finance and retail finance has been gradually changing with the share of retail finance increasing. Accordingly, as on March 31, 2017, the share of retail finance in total AUM stood at 50 percent compared to 45 percent as on March 31, 2013.

Capitalisation: The company's capitalisation has been supported by regular capital infusion from its parent. The company's capital adequacy was comfortable at 16.07 percent as on March 31, 2017 (Tier I capital of 11.78 percent) as compared with 16.34 percent (Tier I capital of 11.79 percent) as on March 31, 2016. The gearing remains moderate at 7.1 times as on September 30, 2017 as compared with 7.1 times as on March 31, 2016.

Asset Quality: The company's asset quality continues to remain under pressure with GNPA of 4.92 percent as on September 30, 2017 (4.94 percent as on March 31, 2017). The company's asset quality indicators remained stable despite the company transitioning to a tighter NPA recognition norms (90 days past overdue). Also, with the company's provision cover at 74 percent as on September 30, 2017 (75 percent as on March 31, 2017), its NNPA are low at 1.28 percent as on September 30, 2017 (1.22 percent as on March 31, 2017).

Issuer Profiles

Infrastructure Finance Companies

- IL&FS Financial Services Limited
- L&T Infrastructure Finance Company Limited
- SREI Infrastructure Finance Limited

Source: Company Reports, Reuters, NSE, BSE and Credit Rating Agencies

IL&FS Financial Services Limited

Company Factsheet

Incorporation Year
1995

Promoters/ Group
IL&FS Group

Key Business Segment
Investment banking, Project debt syndication, corporate and project advisory services

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.124.53 billion

Total Debt (as on March 31, 2017)
Rs.158.17 billion

Market Capitalisation (as on February 7, 2018)
NA

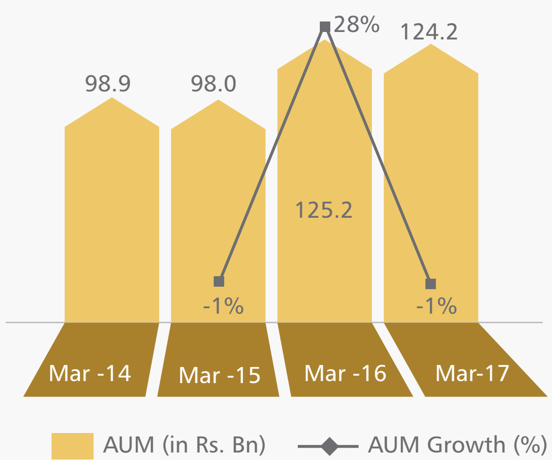
Outstanding NCD (as on February 7, 2018)
NA

Avg Monthly Daily Traded Volume
Rs.2.29 billion

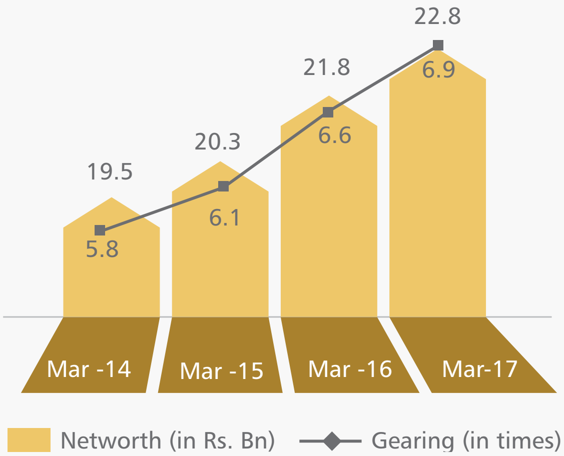
Long Term Rating
IND AAA/CARE AAA/ BWR AA+

Short Term Rating
ICRA A1+/CARE A1+/IND A1+

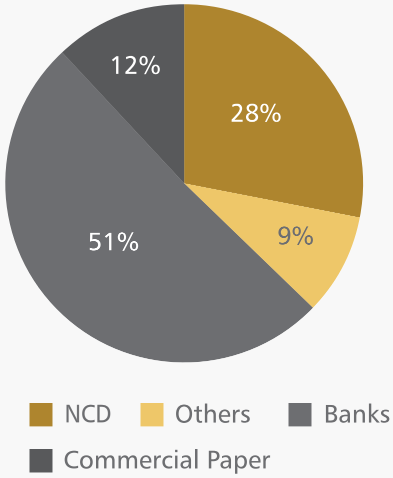
Trend in AUM and Growth



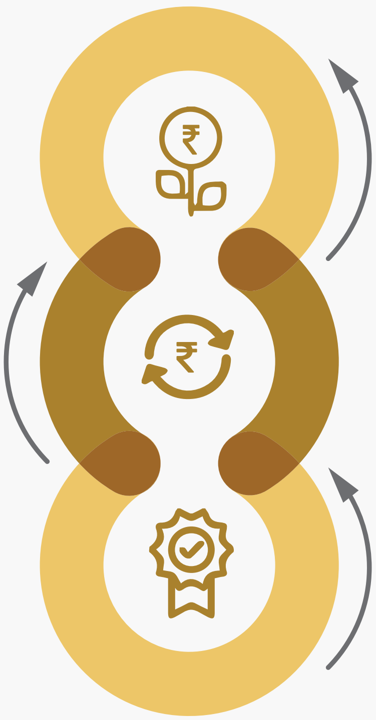
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The company largely caters to corporates operating in the infrastructure and real estate space in its lending business. The Company had a AUM of Rs. 124.15 billion as of March 31, 2017, of which infrastructure, promoter funding, real-estate and other segments attributed to 39 percent, 20 percent, 17 percent and 23 percent respectively. The slowdown in the infrastructure and real estate segment has resulted in the company having flat revenue growth in fiscal 2017.

Capitalisation: The company continues to have stable reported capitalization levels. As on March 31, 2017, the company reported capitalization levels of 21.08 percent [March 31, 2016: 20.47 percent] with Tier I capital of 13.15 percent [March 31, 2016: 12.74 percent]. The reported capitalization levels were comfortable at 18.52 percent with Tier I CAR of 11.56 percent as on September 30, 2017.

Asset Quality: The company has been witnessing asset quality volatility for last couple of years on account of general economic stressed environment especially in infrastructure sector. As a result of this, GNPA deteriorated from 2.79 percent as on March 31, 2016 to 3.30 percent as on March 31, 2017. Net NPA / Net-worth stood at 14.84 percent in FY 2016-17, as against 14.50 percent in FY 2015-16. The GNPA and NNPA ratios (on 90 dpd) stood at 4.48 percent and 3.13 percent respectively as on September 30, 2017.

L&T Infrastructure Finance Company Limited

Company Factsheet

Incorporation Year
2006

Promoters/ Group
L&T Group

Key Business Segment
Infrastructure Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs.414.03 billion

Total Debt (as on March 31, 2017)
Rs.205.45 billion

Market Capitalisation (as on February 7, 2018)
NA

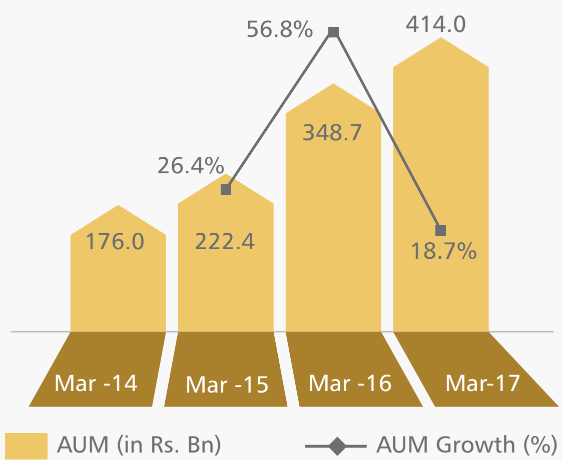
Outstanding NCD (as on February 7, 2018)
Rs.111.89 billion

Avg Monthly Daily Traded Volume
Rs.1.91 billion

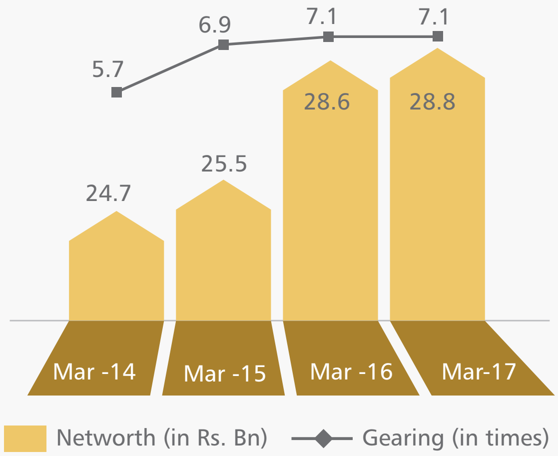
Long Term Rating
IND AAA /ICRA AA+/CARE AA+

Short Term Rating
ICRA A1+/CARE A1+

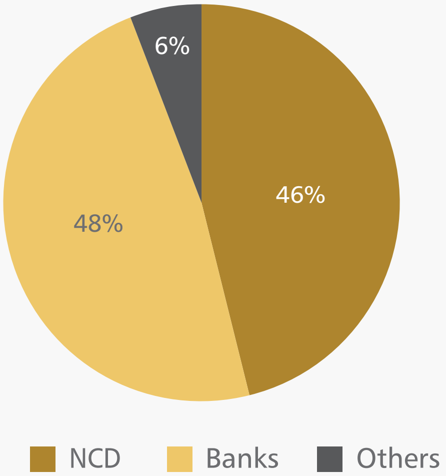
Trend in AUM and Growth



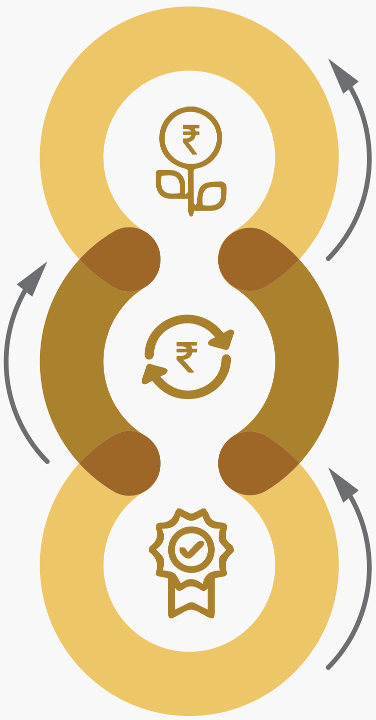
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: The AUM is at Rs.414.03 billion as on March 31, 2017, as against Rs.348.7 billion as on March 31, 2016. The portfolio has grown at a CAGR of 33 percent for 3 years ending, March 31, 2017. The portfolio remains focused on the power segment, which accounted for 62 percent of the book as on September 30, 2017, and 59 percent of the book as on March 31, 2017, against 58 percent as on March 31, 2016.

Capitalisation: The company's capitalisation remains adequate with Tier I at 14.15 percent and 12.9 percent and CRAR at 21.56 percent and 19.7 percent as on September 30, 2017 and March 31, 2017 respectively. Its gearing is moderate at 7.1 times, as on September 30, 2017, given the relatively concentrated nature of the portfolio.

Asset Quality: GNPA and NNPA increased from 2.36 percent & 1.66 percent respectively as on March 31, 2016 (on 150+DPD basis) to 5.30 percent & 2.91 percent respectively as on March 31, 2017 (on 120+DPD basis)As on September 30, 2017, the gross NPA and net NPA ratio of the company were 5.50 percent and 2.80 percent respectively.

SREI Infrastructure Finance Limited

Company Factsheet

Incorporation Year
2004

Promoters/ Group
SREI Group

Key Business Segment
Infrastructure Finance

Geographical Presence
Pan India

AUM (as on March 31, 2017)
Rs. 119.0 billion

Total Debt (as on March 31, 2017)
Rs.132.0 billion

Market Capitalisation (as on February 7, 2018)
Rs.39.16 billion

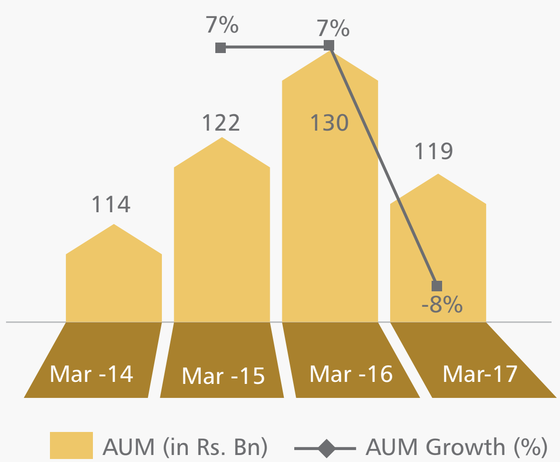
Outstanding NCD (as on February 7, 2018)
Rs.66.88 billion

Avg Monthly Daily Traded Volume
Rs.0.02 billion

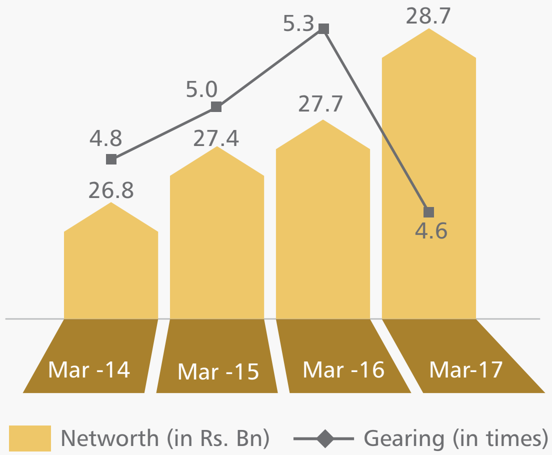
Long Term Rating
BWR AA+/ IND AA-/ CARE A+

Short Term Rating
CARE A1+/BWR A1+/IND A1+

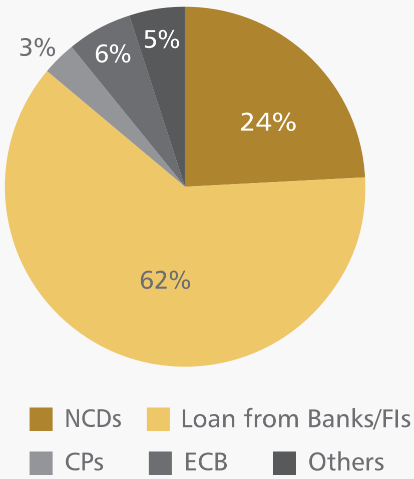
Trend in AUM and Growth



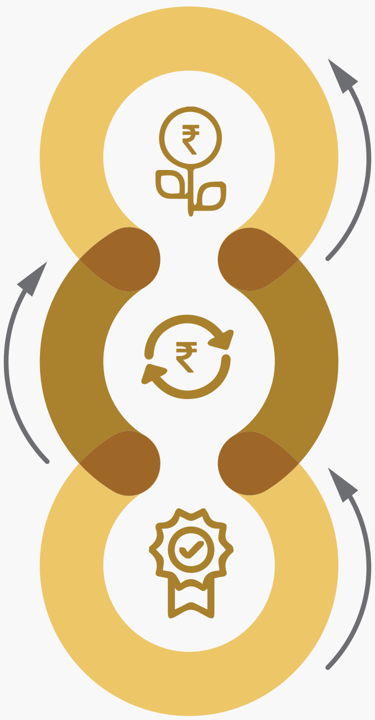
Trend in Networth and Gearing



Borrowing Mix as on 31 March, 2017



Key Performance Assessment



Portfolio Size and Growth: Overall AUM growth has been stagnant. The major portion of the portfolio is concentrated in power sector followed by transportation and communication sectors. The company saw the AUM decline by 8 percent to Rs.124 billion as on March 31, 2017, as against Rs.134 billion as on March 31, 2016.

Capitalisation: The overall gearing improved from 5.28 times as on March 31, 2016 to 4.60 times as on March 31, 2017. Tier I and overall capital adequacy ratio of the company improved and stood at 13.81 percent and 18.94 percent respectively as on March 31, 2017 as against Tier I and overall capital adequacy ratio of 12.51 percent and 17.54 percent respectively as on March 31, 2016.

Asset Quality: Asset quality is moderate. GNPA and the NNPA, though improved, continued to remain high at 4.67 percent and 3.13 percent respectively as on March 31, 2017.

About TRUST

TRUST is a full-service financial house offering comprehensive solutions across multiple asset classes like debt, equity and real estate. With presence across India, we partner with out clients for investment banking, capital market services, asset management & advisory and wealth management & family office advisory.

Client reach across **129** cities in India

Team strength of over **240** people

Demonstrated track record of **17** Years

India's Leading Debt Capital Market House

Structured and placed India's first ever CMBS

Arranger for first Basel III compliant Tier 1 and Tier 2 issues in India

Sole arranger to India's first certified Green Bond Issue

Structured and placed India's first credit enhanced bond for DISCOM under the UDAY scheme

Our Business

Investment Banking Solutions

Investment banking at TRUST is not just about transactions, we offer comprehensive capital structure solutions across debts, equity and real estate markets. Innovation and structuring capabilities within defined time period differentiate us from our peers.

Capital Market Services

We are an active capital market intermediary offering value-added access, intermediation and distribution services across debt, equity and real estate markets.

Asset Management & Advisory

We offer debt and equity assets management services to individuals, corporates and institutions. These services are focused on achieving disciplined and superior long term risk-adjusted returns for high quality capital.

Wealth Management & Family Office Solutions

We provide a unique client-centric advisory platform offering bespoke solutions for wealth management and family office management, under the brand and entity of Trust Plutus Wealth Managers (India) Private Limited.

Coverage Across

Debt

Equity

Real Estate

IFR ASIA AWARDS 2017

India Bond House of the Year

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