



LEADING WITH
IMPACT
INNOVATION
INTEGRITY

India NBFC Sector Update - FY21

AUGUST 2021

Glossary: Classification of 26 NBFCs used in this document

HFCs (8 NBFCs)



Infra (2 NBFCs)



Gold (2 NBFCs)



Diversified (14 NBFCs)



Summary snapshot



Key Performance Indicators

- Decline in industry-level profitability: Stagnant income, higher credit costs. Most NBFCs controlled opex
- Gold loan NBFCs outperformed - healthy portfolio quality and robust demand
- Most NBFCs increased provisioning; HFCs- had already added sufficient provisioning in last couple of years
- Share of short-term market borrowings continued to decline as mutual funds turned risk averse to NBFCs



NPA and Risk Management

- Increase in provision coverage ratio to cushion against second wave of pandemic; provision buffers carried by non-banks are about 100 bps higher than pre-COVID levels
- Around 2-4% of overall NBFC book restructured in FY21
- Collections picked up in Jan' 21 vs Sept'20; However, second wave of COVID has dented recovery - Retail loans dropped by 10-35%, SME and CV by 20%; sharpest decline of 35% witnessed in microfinance



Advances Deep-dive

- Auto Loan: Loan book grew 2% in FY21; yield to decline due to intense competition from banks; asset quality vulnerable due to pandemic
- Gold Loan: Gold loan NBFCs well placed to benefit; Covid-19 saw them outperform industry
- Personal Loans: Covid slowed down growth; growth in small ticket PL (3.5x growth in share of <50K loans)
- Home Loans: Banks outpacing HFCs; Spreads of NBFCs increased by 20-30 bps due to lower costs



Other trends

- Slew of regulatory changes - revised co-lending guidelines with renewed push, revision of risk weights, LTVs. Support to NBFCs with special liquidity scheme and restructuring norms
- NBFCs continued to drive digitization agenda - e.g. PNB Housing Finance increased digital sourcing to 22%; Manappuram had more than 1 Mn customers registered online and \$30 bn worth transactions done in FY21

Key major recent events impacting NBFC sector in India



NBFC Landscape changing

Potential for NBFCs to get banking licenses

RBI to open doors to Tatas, Birlas, Ambanis to set up banks

Large industrial houses like Aditya Birla group, Bajaj group, Mahindra and Mahindra, and Tata Sons already have large NBFCs with more than a decade of operations. In fact, these NBFCs are bigger than many mid-sized banks in the country

Co-lending may resolve India's credit access crisis

RBI announces co-lending scheme for banks, NBFCs for priority sector



COVID disrupting FS eco-system

Steep jump in NPA

NPAs of NBFCs, HFCs may rise to 4.5-5% by March 2022, says Icra

Dips in disbursements

NBFC disbursement to dip by 50-60% in Q1FY22, bad loans set to rise: Icra

Collection efficiency hit hard

Collection efficiency of NBFCs retail pool down by 10-35 pc in May vs March: Icra

NBFC, HFC Collections Drop 35% on Covid Restrictions

Better Liquidity buffers

'Liquidity buffer at NBFCs cushions fall in Q1 collections'

Regulator to drive tighter control on NBFC sector

RBI tightens norms for investments in NBFCs from non-FATF nations

RBI proposes removing interest rate caps for microlenders

RBI tightens dividend payout norms for NBFCs, links them to bad debt



Sharp rebound from COVID

Covid-19 second wave nips the budding recovery of the NBFC sector; performance expected to revive in H2FY22:...

NBFC stress to hike after Covid second wave but disbursements will pick up: ICRA Report



Changes in Digital space

NBFCs focus on digital collections to protect staff

Strategic partnership models between FinTechs and NBFCs

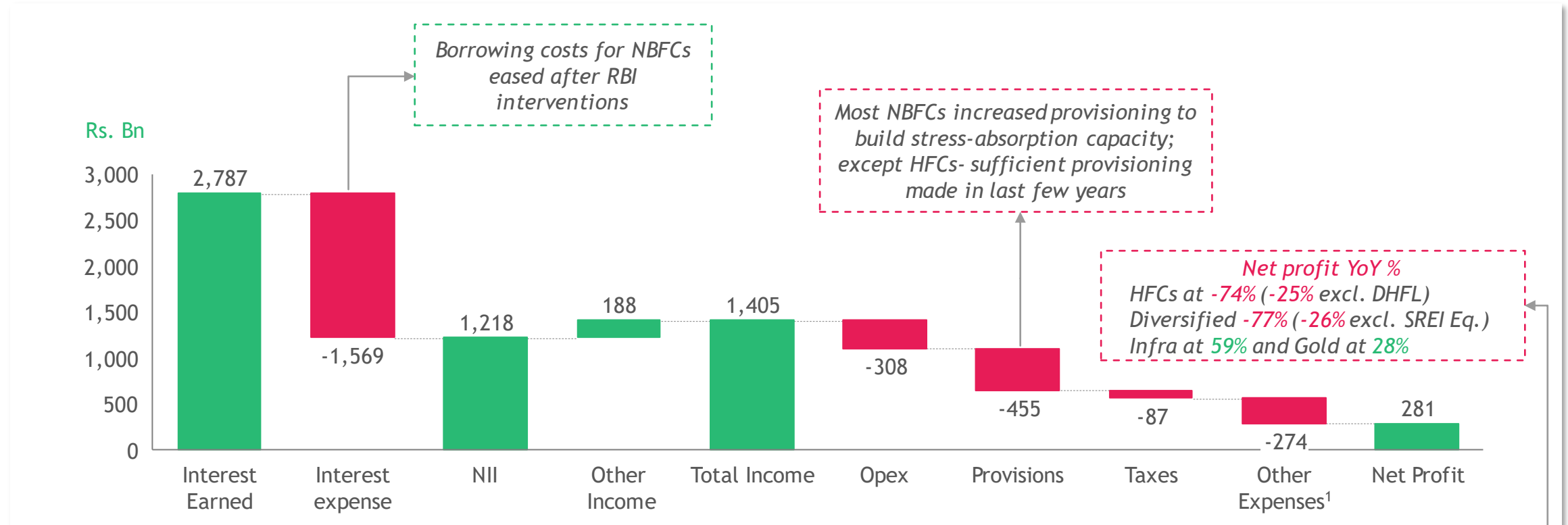
Digitization helps reduce frauds in NBFCs

India NBFC Sector Update - FY21

- Key Performance Indicators
 - NPA and Risk Management
 - Valuations
 - Advances deep-dive (select products)
 - Recent Trends
 - Annual player performance
 - 10 Year Financials



FY21 NBFC sector—earnings snapshot



Growth YOY (%)

4%

-4%

17%

-42%

3%

-6%

39%

-27%

37%

-28%

1. Other Expenses include "Net loss on fair value changes", "Net loss on derecognition of financial instruments under amortized cost category", "Net Transaction Exchange Loss" and/or "Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt"

Analysis has been made based on 26 NBFCs: 8 HFCs, 2 Infra, 2 Gold loan and 14 Diversified NBFCs
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis



HFCs, diversified NBFCs most hit; gold NBFCs maintained high RoA

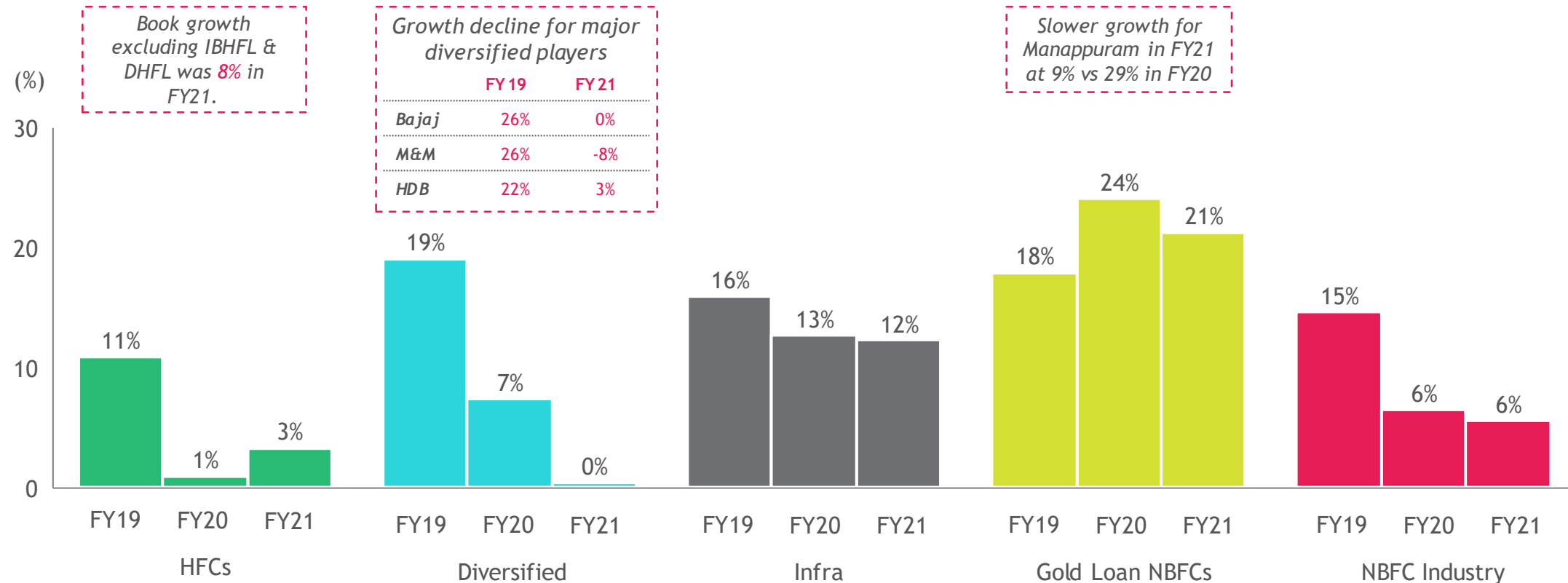
Particulars ¹	UoM	HFCs		Diversified		Infra		Gold Loan		Industry	
		FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20
Net interest Margin	(%)	3.2	2.5	7.0	7.2	3.5	3.1	12.3	13.3	4.6	4.2
Fee + Other Income	(%)	0.6	1.8	1.3	1.7	0.3	0.2	0.4	0.3	0.7	1.3
Operating expenses	(%)	0.4	0.5	3.1	3.5	0.1	0.1	3.5	4.6	1.2	1.3
Pre-Provision Profit ²	(%)	3.4	3.8	5.2	5.3	3.7	3.2	9.2	9.1	4.1	4.2
Credit costs	(%)	0.8	1.4	4.2	2.3	0.8	0.3	0.3	0.3	1.7	1.3
Tax	(%)	-0.1	-0.03	0.5	0.9	0.6	0.7	2.3	2.3	0.3	0.5
Other Expenses ³	(%)	2.4	1.4	0.1	0.1	0.1	0.6	0.0	0.0	1.0	0.8
Return on Assets	(%)	0.2 ↓	1.0	0.4 ↓	2.1	2.2 ↑	1.6	6.6 ↑	6.5	1.1 ↓	1.6

1. All the above #s are as a % of Average Assets, 2. Pre-provision profit may not tally due to rounding off error 3. Other Expenses include "Net loss on fair value changes", "Net loss on derecognition of financial instruments under amortized cost category", "Net Transaction Exchange Loss" and/or "Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt"
 Note: Analysis has been made based on 26 NBFCs: 8 HFCs, 2 Infra, 2 Gold loan and 14 Diversified NBFCs
 Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis



Muted growth across categories; gold-loan NBFCs continued to see strong demand

Category-wise growth in loan book

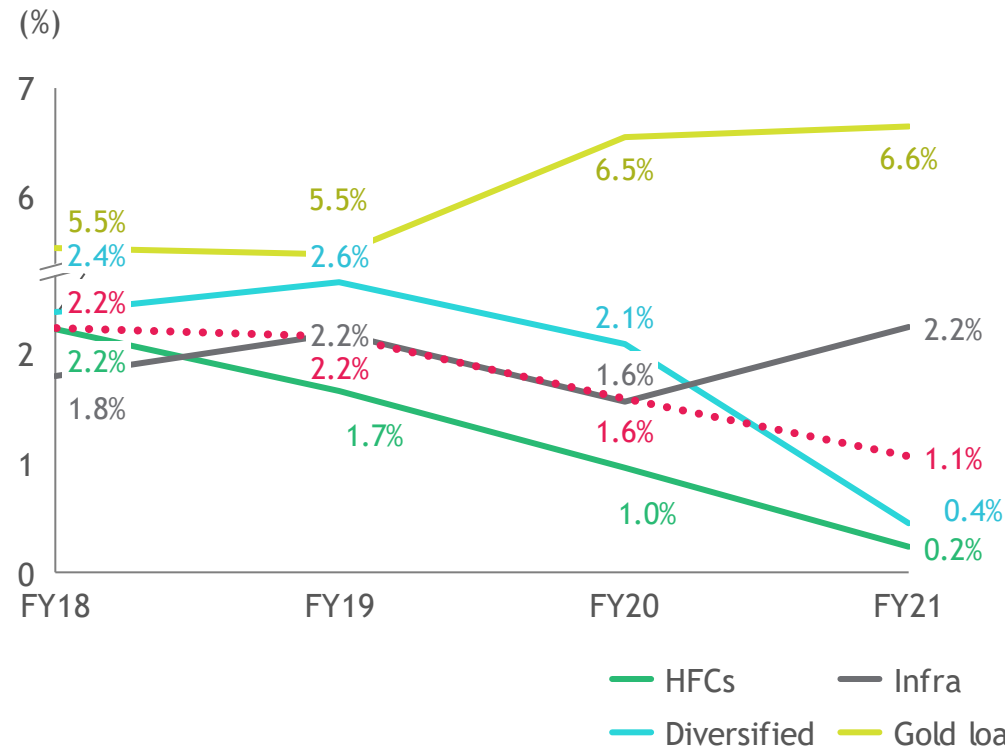


Analysis has been made based on 26 NBFCs: 8 HFCs, 2 Infra, 2 Gold loan and 14 Diversified NBFCs
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

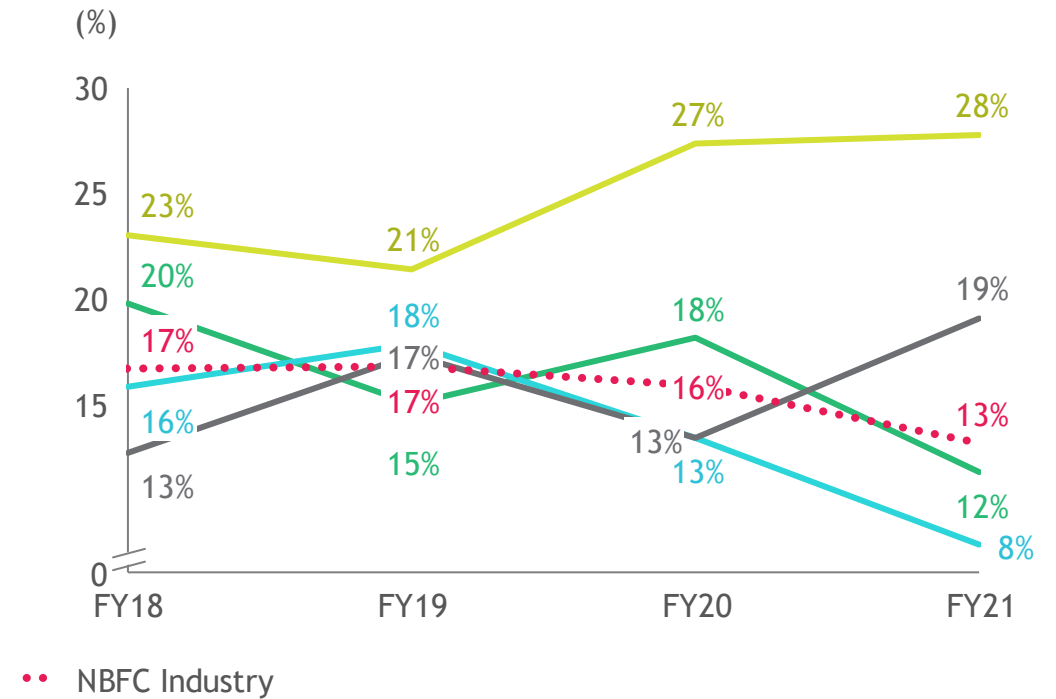


Profitability: Sharp drop driven by drop in fee income & higher credit costs

Return on Assets¹ by NBFC category



Return on Equity² by NBFC category

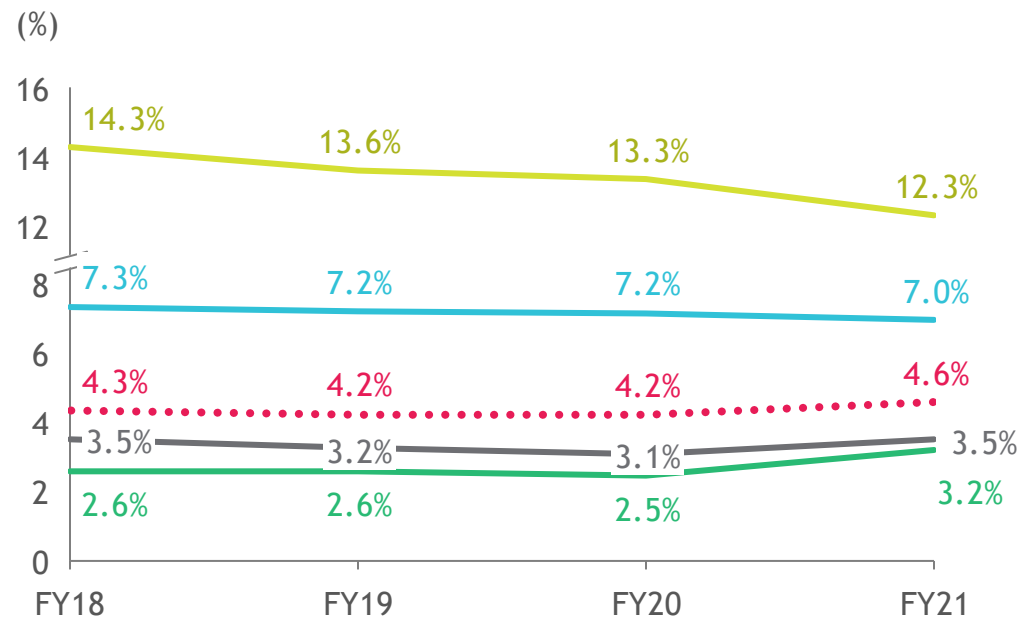


1. Return on Assets is calculated as net profit/average assets 2. Return on Equity is calculated as net profit/average shareholders' fund. 2. RoA analysis has been made based on 26 NBFCs: 8 HFCs, 2 Infra, 2 Gold loan and 14 Diversified NBFCs; RoE analysis has been made based on 24 NBFCs: 7 HFCs, 2 Infra, 2 Gold loan and 13 Diversified NBFCs 3. DHFL and SREI equipment is excluded from ROE analysis due to its negative shareholders funds
Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis

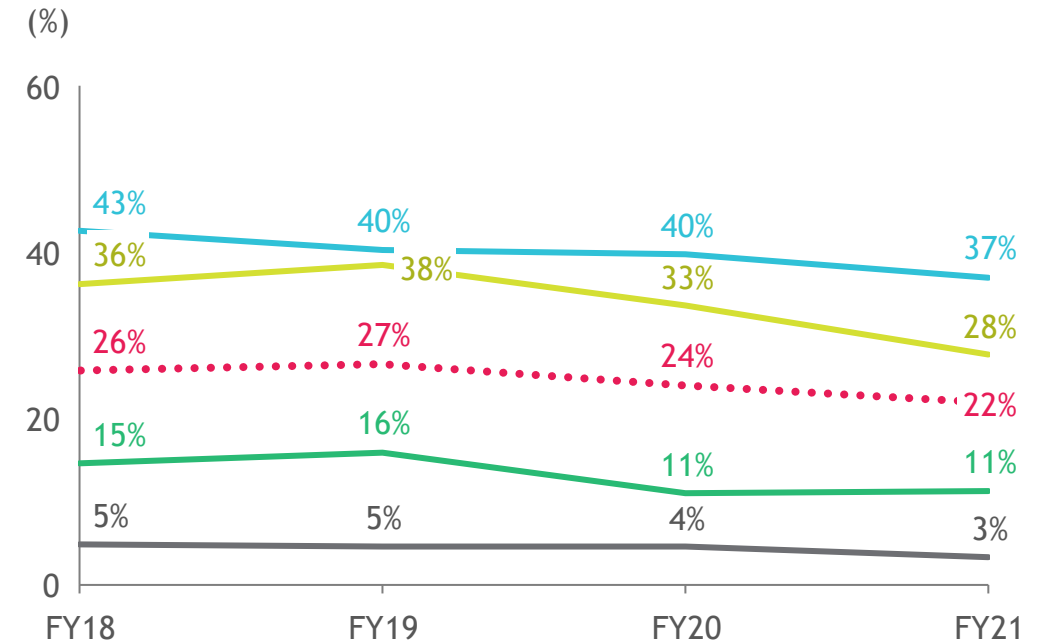


NIMs remained broadly stable; lower CIR as NBFCs tightened cost control

Net Interest Margin¹ by NBFC category (%)



Cost to Income Ratio² by NBFC category (%)

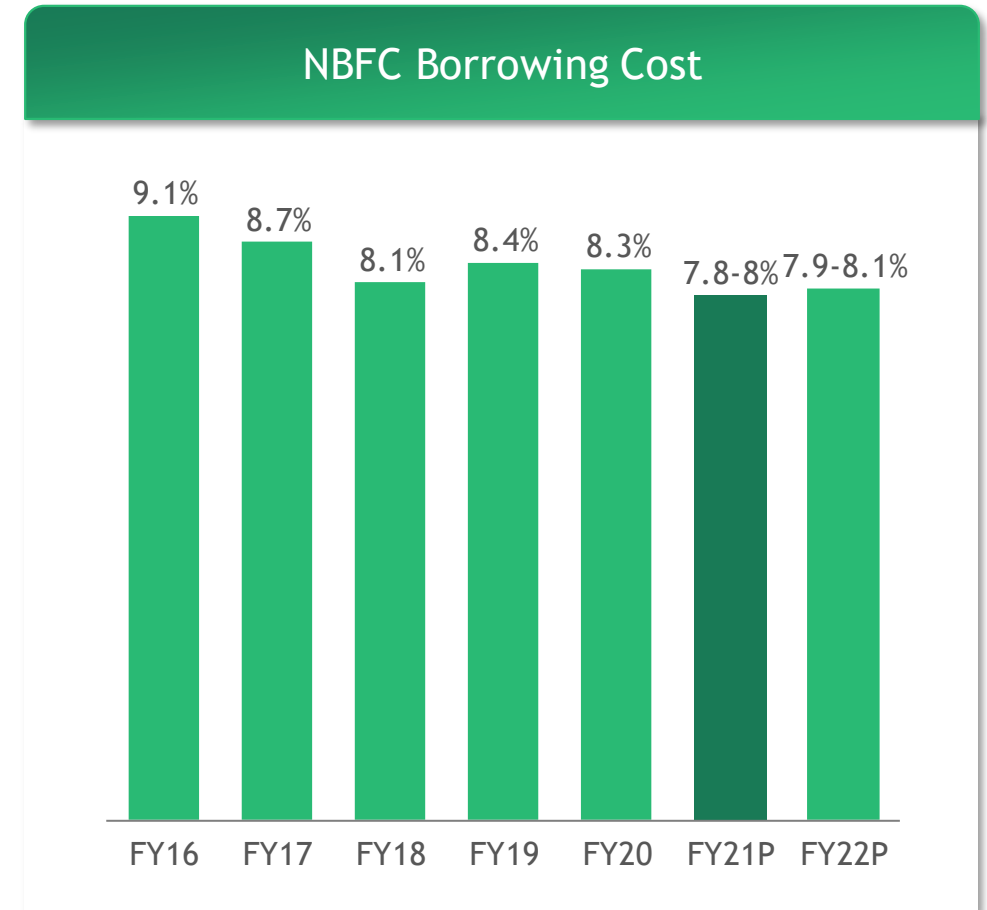
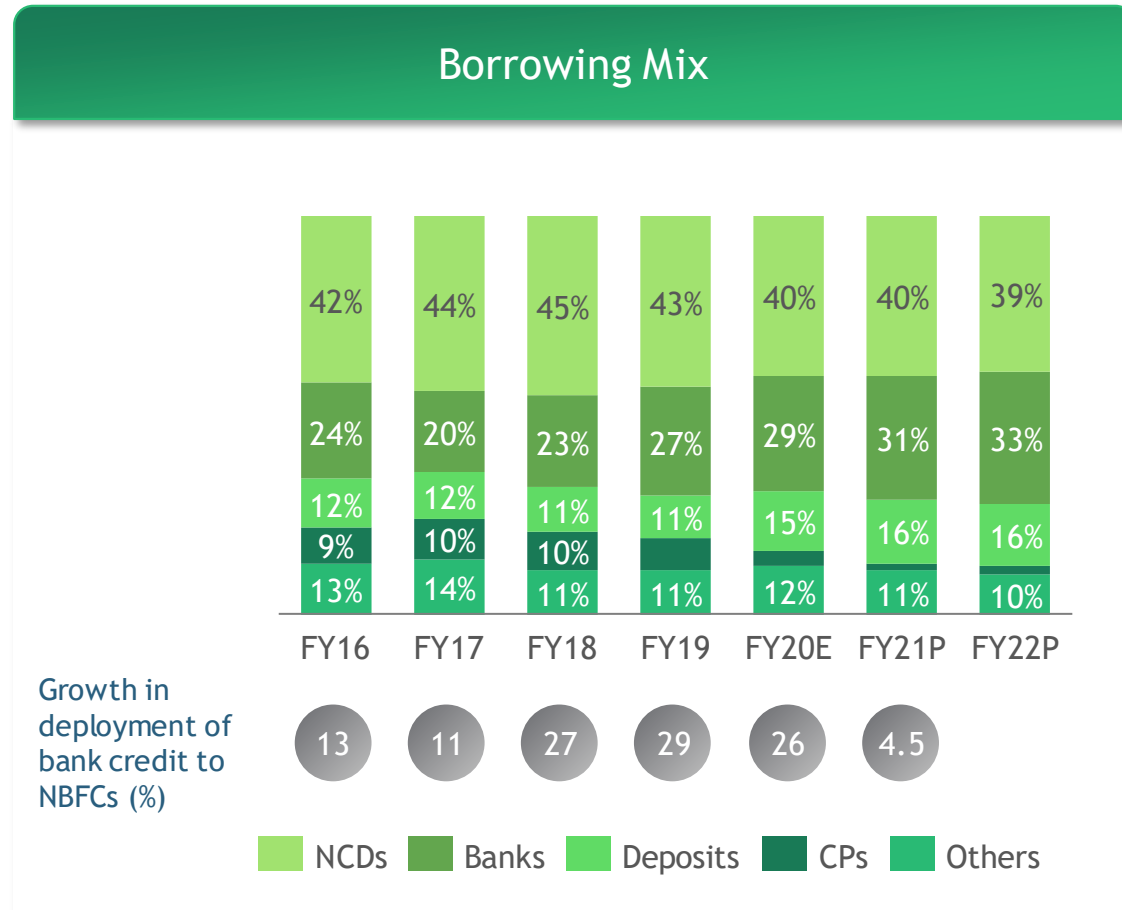


— HFCs — Diversified — Infra — Gold loan NBFCs •• NBFC Industry

¹ NIM is calculated as (Interest Income - Interest Expense)/Average Assets ² Cost to Income is calculated as Operation expense/(net interest income + other income)
 Operation Expense excludes "Net loss on fair value changes", "Net loss on derecognition of financial instruments under amortized cost category", "Net Transaction Exchange Loss" and/or "Loss/write-off on Repossessed Assets and Assets acquired in satisfaction of debt" Note: Analysis has been made based on 26 NBFCs: 8 HFCs, 2 Infra, 2 Gold loan and 14 Diversified NBFCs
 Source: Capitaline, Quarterly Results, Investor Presentation, Annual Report, BCG Analysis



Risk aversion by investors reducing share of market borrowings (CP, NCD) and increased share of bank loans



Note: QIP - Qualified Institutional Placements; CP - Commercial Paper; NCD - Non-Convertible Debenture; ECB - External Commercial Borrowing
 Source: RBI; CRISIL Research; BCG Analysis

India NBFC Sector Update - FY21

Key Performance Indicators

> NPA and Risk Management

Valuations

Advances deep-dive (select products)

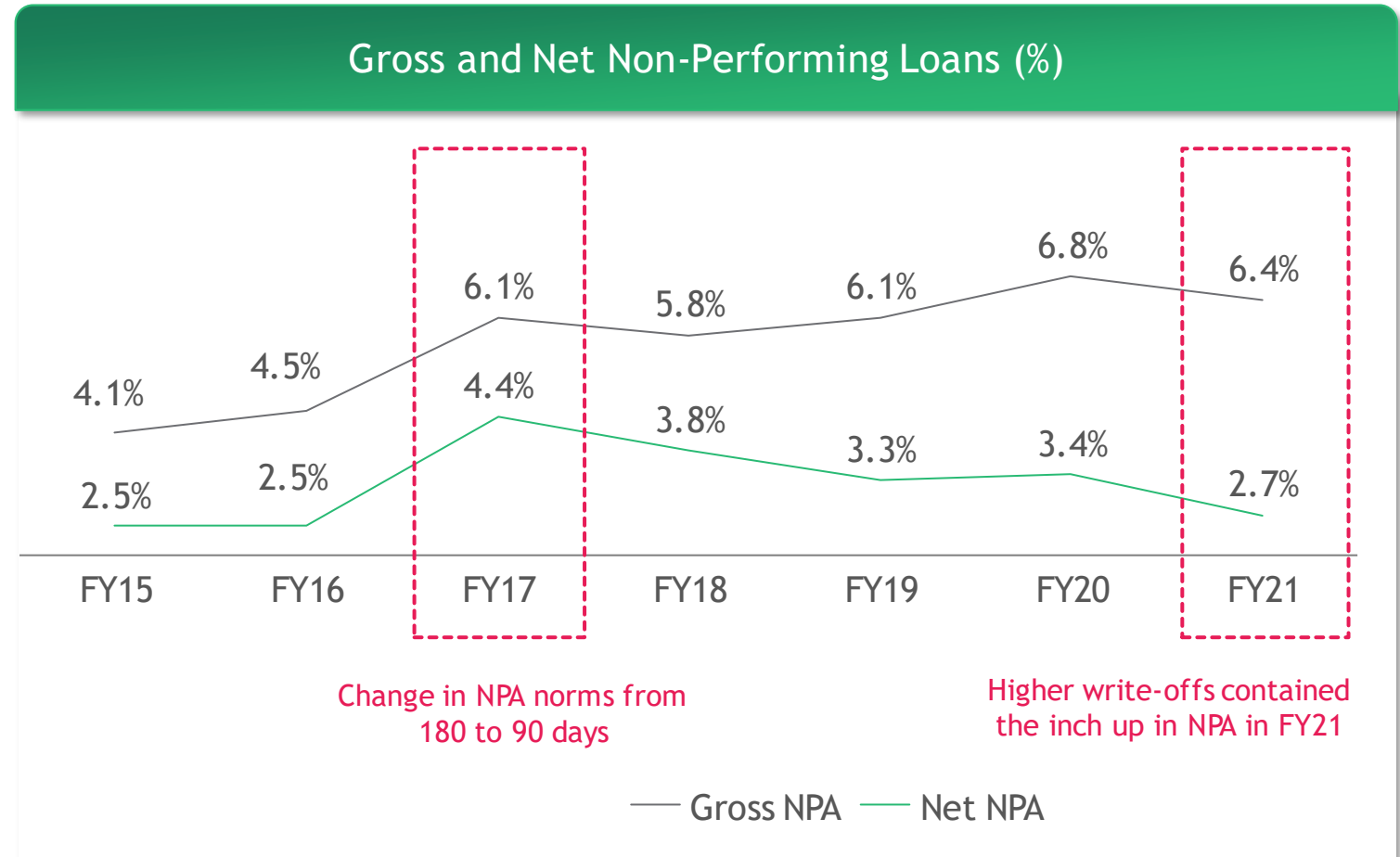
Recent Trends

Annual player performance

10 Year Financials



NBFCs have contained asset quality on account of higher write-offs in the pandemic year



Change in NPA norms from 180 to 90 days

Higher write-offs contained the inch up in NPA in FY21

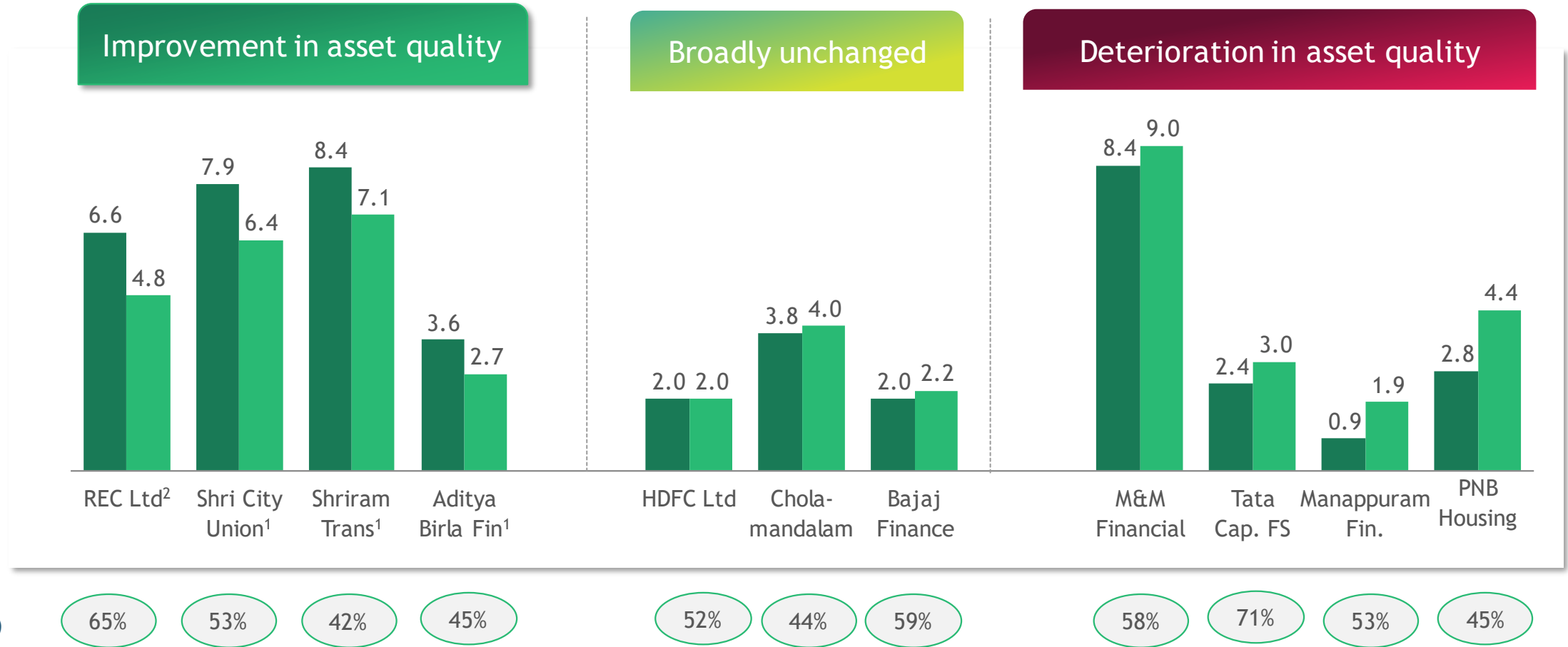
% of write-off to AUM in FY21 was 70 bps higher than FY20



Player-wise Gross Non-Performing assets

Select NBFCs

Gross Non-Performing assets (%)

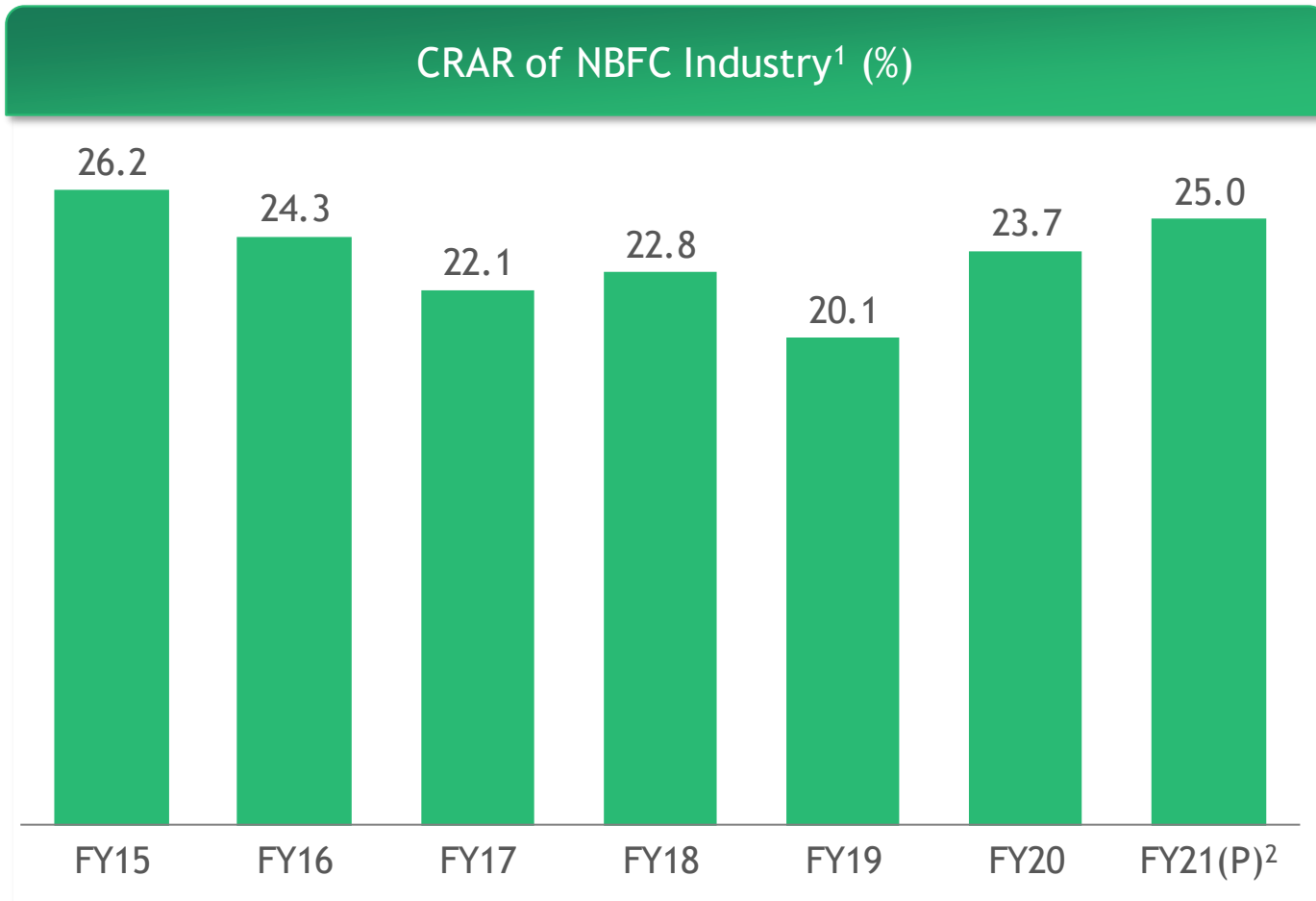


1. Gross stage III assets 2. Gross credit-impaired assets
Source: Investor Presentation, Analyst Report BCG Analysis

■ FY20 ■ FY21



Many large NBFCs raised capital before COVID-19 and during the pandemic to absorb the stress



Select NBFCs

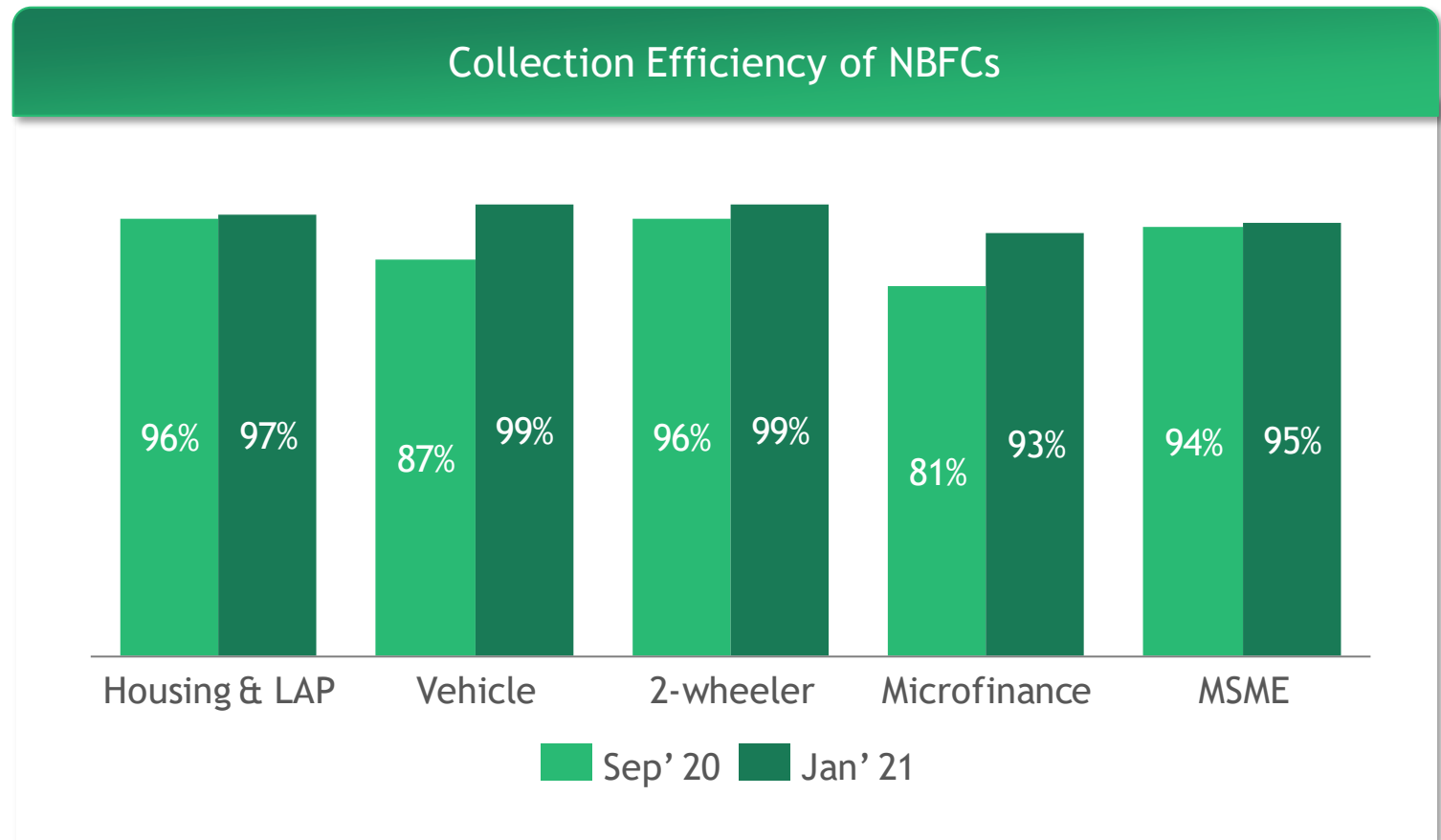
NBFCs	FY21 CRAR (%)
SHRIRAM City MONEY WHEN YOU NEED IT MOST	28.6%
BAJAJ FINANCE LIMITED	28.3%
SHRIRAM Transport Finance Company Limited A WINNING RELATIONSHIP	22.5%
HDFC WITH YOU, RIGHT THROUGH	22.2%
Chola Enter a better life	19.1%
pnb Housing Finance Limited Eghar Ki Baat	18.7%
LICHFL LIC HOUSING FINANCE LTD	15.3%

1. CRAR = Capital-to-risk weighted assets ratio 2. Provisional
Source: RBI Financial Stability Report; Capitaline; BCG analysis



Collections picked up in Jan' 21 vs Sept'20

Meaningful rebound in overall collections critical to arrest the rising delinquencies



However, second wave of COVID has dented recovery

Monthly collection in May'21 vs Mar'21

- Retail loans dropped by 10-35%
- Sharpest decline of 35% witnessed in microfinance
- SME and commercial vehicle fell by ~20%

India NBFC Sector Update - FY21

Key Performance Indicators

NPA and Risk Management

> **Valuations**

Advances deep-dive (select products)

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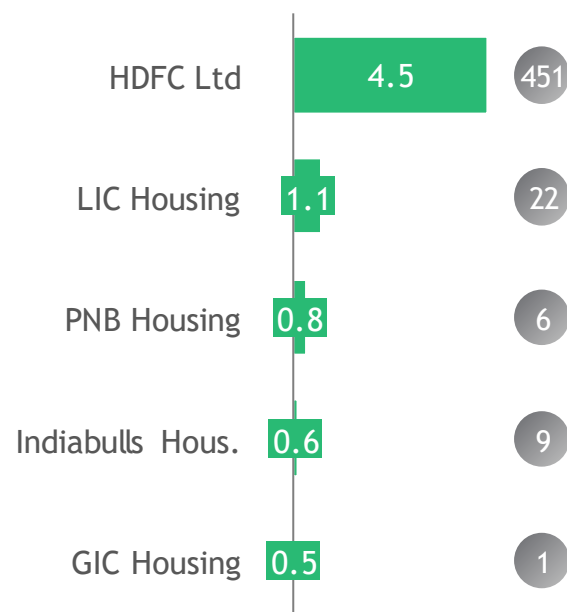


HDFC continues to have the largest market cap; Bajaj Finance has highest P/B

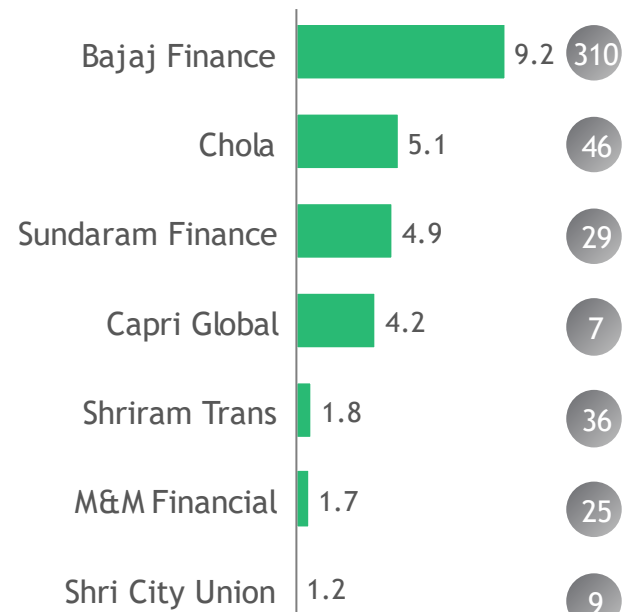
Select NBFCs

Price to book ratio (as of March 31, 2021)

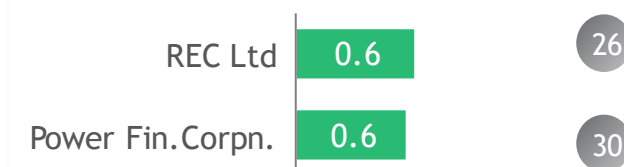
Housing Finances



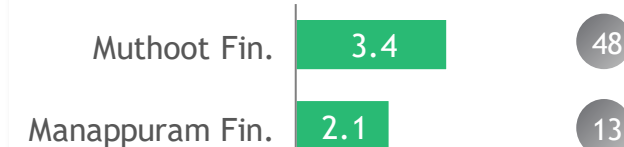
Diversified



Infrastructure



Gold Loans



● Market Cap (INR in '000 crores)
(as of March 31, 2021)

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➤ Advances deep-dive (select products)

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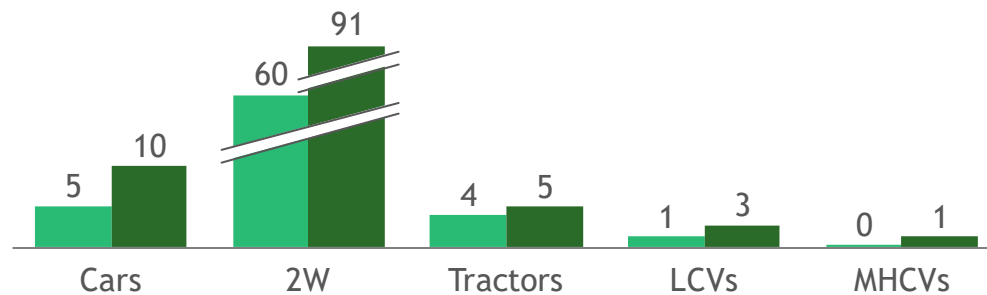


Auto Loans: Loan book of auto finance companies grew ~2% in FY21

On account of traction in demand from the two-wheeler, new cars and tractors segments

NBFC auto finance (FY21E)	NBFC Share	FY21 growth	FY22 growth	Book under moratorium	Expected restructuring	GNPA FY20	GNPA increase in FY21 (basic points)
Rs.3.9 trillion	45-47%	2-3%	~6-7%	40-45%	2-3%	6.8%	~100

Demand (in lakhs)



	Cars	2W	Tractors	LCVs	MHCVs
YoY growth FY21	-6 -8%	-12%	27%	-12%	-17%
YoY growth FY22E	21%	18 - 20%	3 - 8%	19 - 24%	37 - 42%

■ H1 FY21 ■ H2 FY21

Tractors benefited from a **healthy crop harvest**, whereas 2W and cars gained due to **preference for personal mobility**

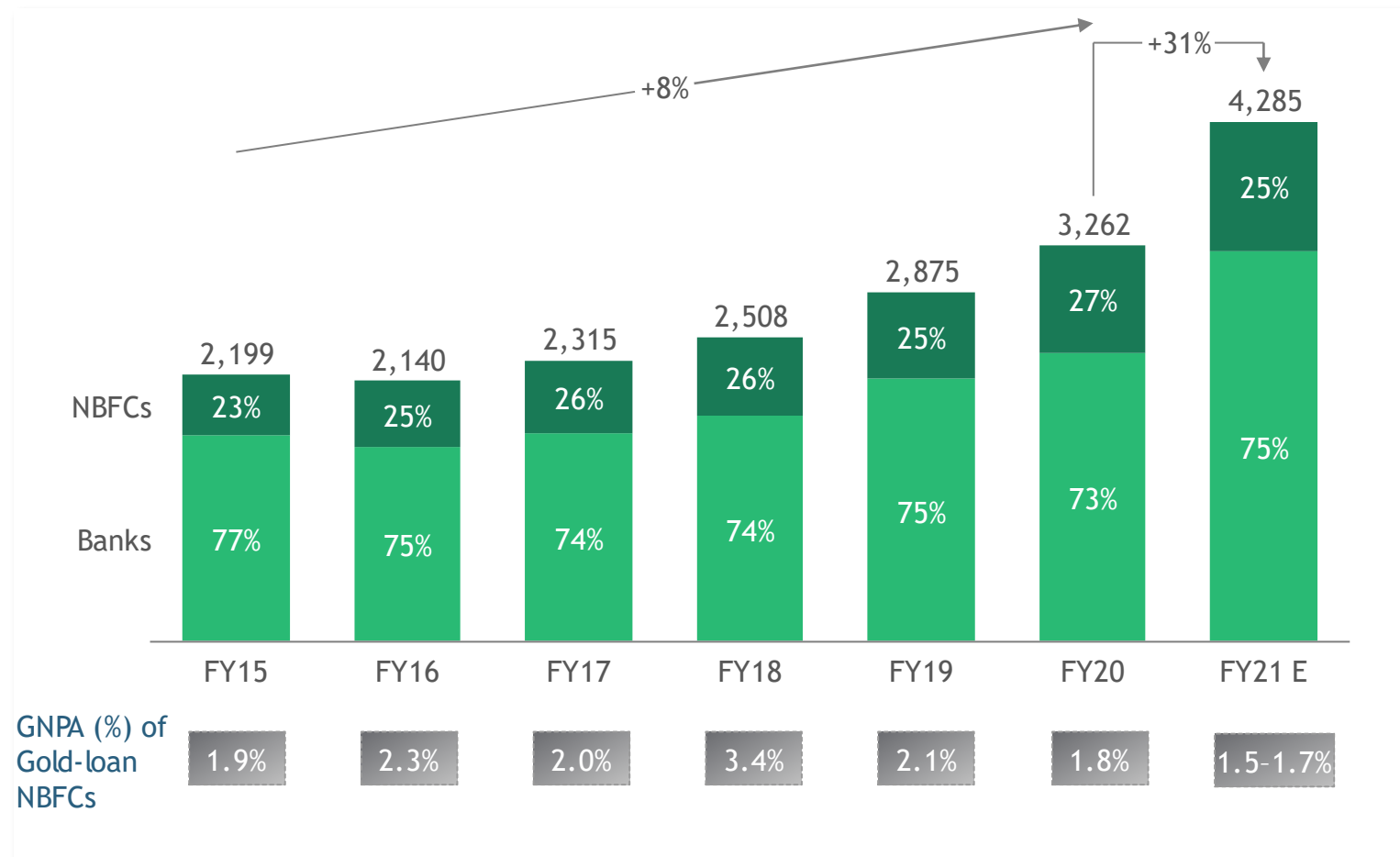
Players have reported **improvement in collection efficiency to 95-100%** in Mar' 21 from 60-70% in Aug' 20

Further, the **book rundown was limited** during H1 FY21, since 40-45% of auto financing was under moratorium, resulting in lower repayment during the first half

Note: E - Estimated
Source: CRISIL Research; BCG Analysis



Gold Loans: NBFCs well placed to benefit as underbanked borrowers see it as an easy and relatively cheap source of personal and business loans



Gold loan industry **expected to deliver ~15% growth in the next 4-5 years** driven by:

- Lessening informal lenders
- better acceptability
- sustained increase in ticket sizes

Big NBFCs are **going the extra mile** by giving extra time and offers to ease problems

However, a **15% fall in gold prices** and the 2nd wave of COVID disrupted their **repayment ability**

Note: Includes agriculture lending by banks with gold as collateral; Note: E - Estimated; Source: CRISIL Research; Press Search; BCG Analysis



Gold Loans: Covid-19 accentuated some prevailing trends and gave rise to a few new ones

Increased adoption of digitalisation

- The **share of online business** of "Manappuram Finance" **rose** to 59% from 48% of total business during Mar-Dec 20 and "Muthoot Finance" increased to 20% from 18.5% due to **accelerated digitalisation**
- The **trend is expected to continue** even after the pandemic subsides on account of the convenience

Aggressive approach of banks

- **Multiple gold loan schemes** **launched** by banks since the onset of the pandemic to **capitalise** on the lucrative opportunity

Increasing business per branch

- "Muthoot Finance" per-branch business rose from Rs 89M to Rs 107M during 9MFY20 and "Manappuram Finance" increased from Rs 48M to Rs 57M as gold loan NBFCs **widen their branch network beyond Southern India**

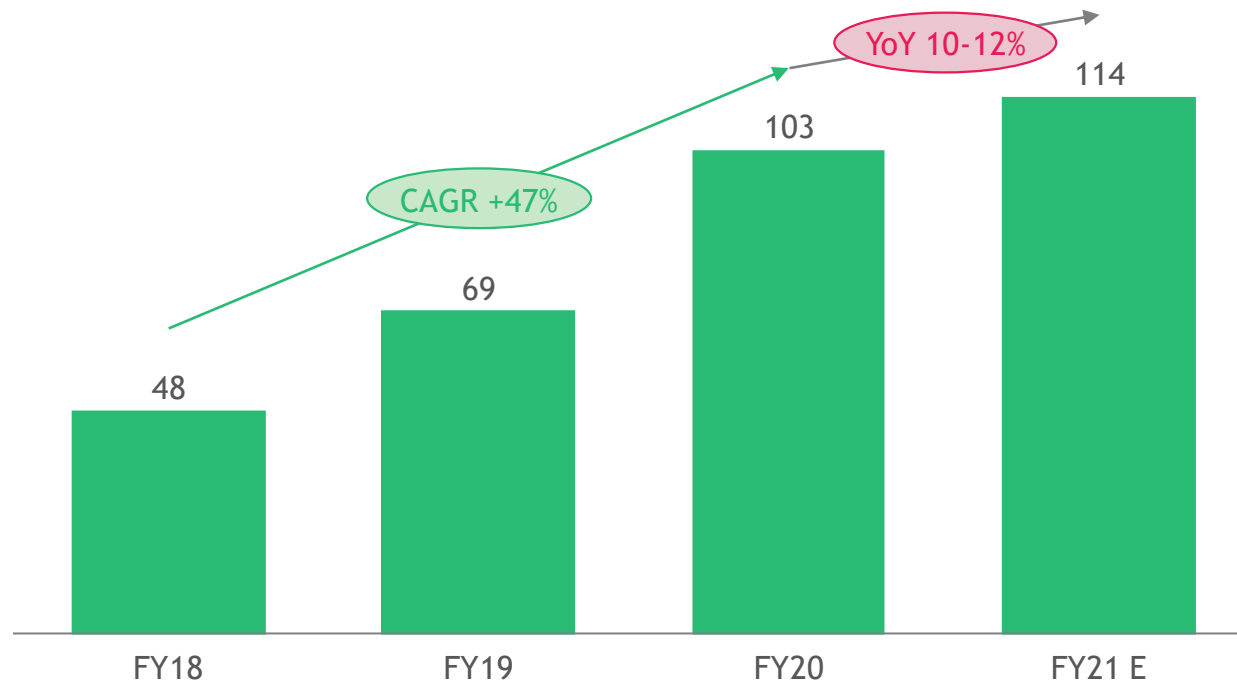
Higher average ticket size of loans

- **Higher gold price** and **online loan sanction** have **raised the average ticket size** (ATS) of gold loans
- In case of "Manappuram Finance", it increased from Rs 50,200 in Q4FY20 to Rs 55,530 in Q3FY21



Personal Loans: COVID slowed down PL growth; greater focus on collections

NBFC and Fintech Personal Loan book ('000 Cr.)



A punishing second wave of the Covid-19 pandemic in India, beginning April 2021, has **reduced personal loan disbursements**, post a partial recovery following the first wave

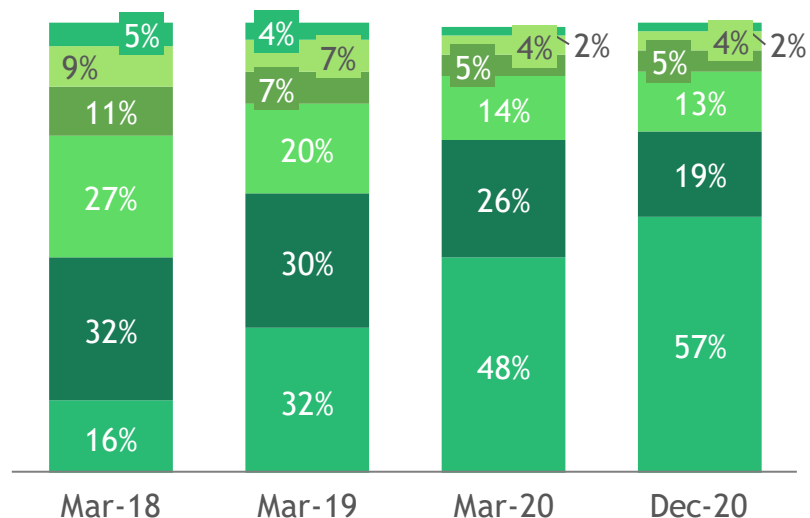
Also, the **focus would be on collections**, which will undoubtedly be impacted in the current scenario

Note: Combined figures for NBFCs and FinTechs; Note: E - Estimated;
Source: Credit bureau, CRISIL Research

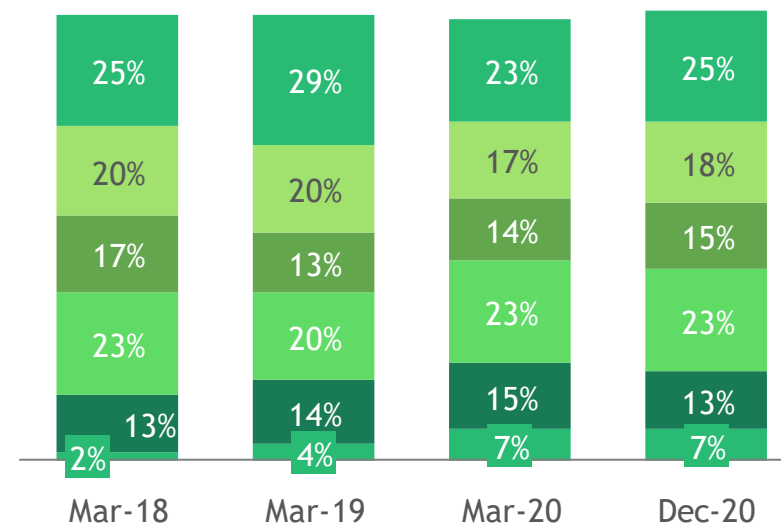
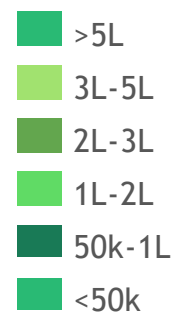


Personal Loans: Share of <50K ticket size is 3.5X in 2.5 years, as at Dec' 20

Shift in ticket size
(volume of personal loans disbursed)



Non-performing loans trend
by ticket size

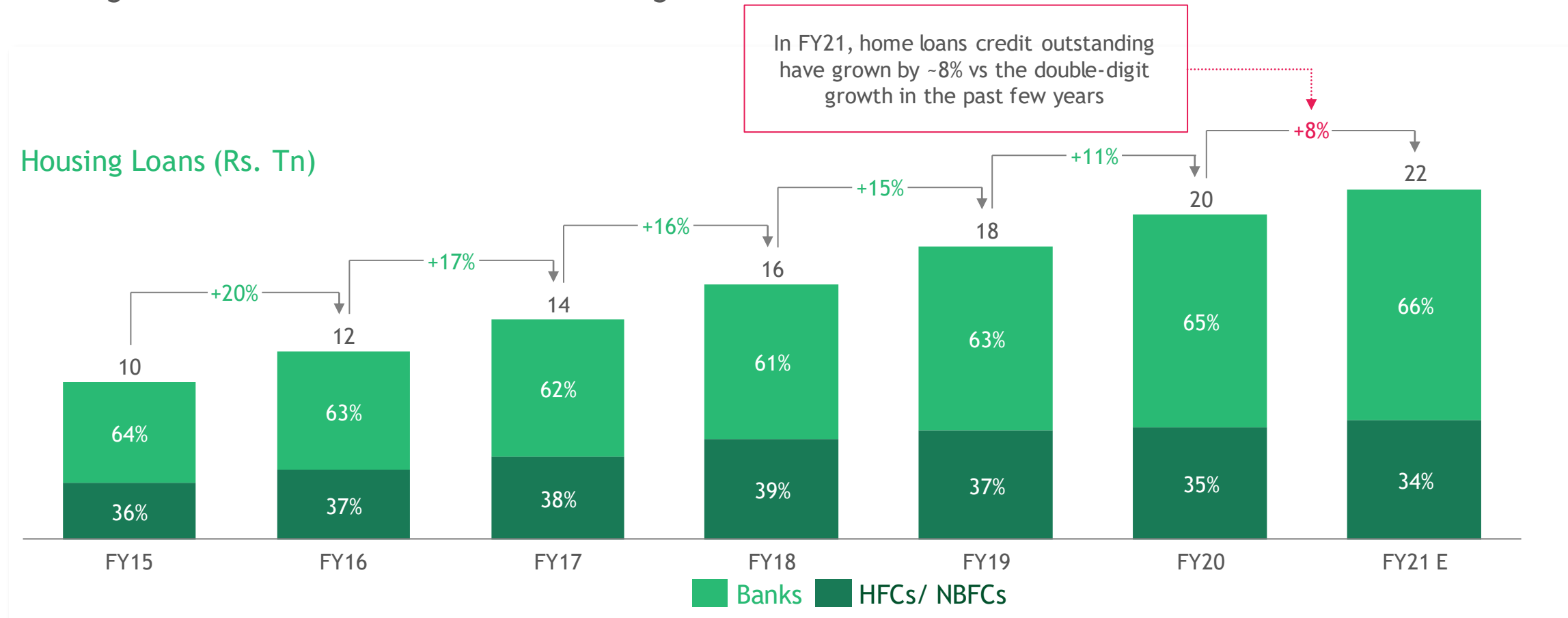


- NBFCs and FinTechs are innovating to serve the demand of India's youth - providing instant small-value loans, attractive repayment schemes and quick disbursements; further reducing ticket sizes to as low as Rs 15,000-20,000
- Covid-19 has impacted the overall delinquency level severely, from 5% in FY19 to 11% in Dec' 20, and an estimated 12-13% by FY21



Home Loans: Banks outpacing HFCs

Few large HFCs have contributed to much of the growth



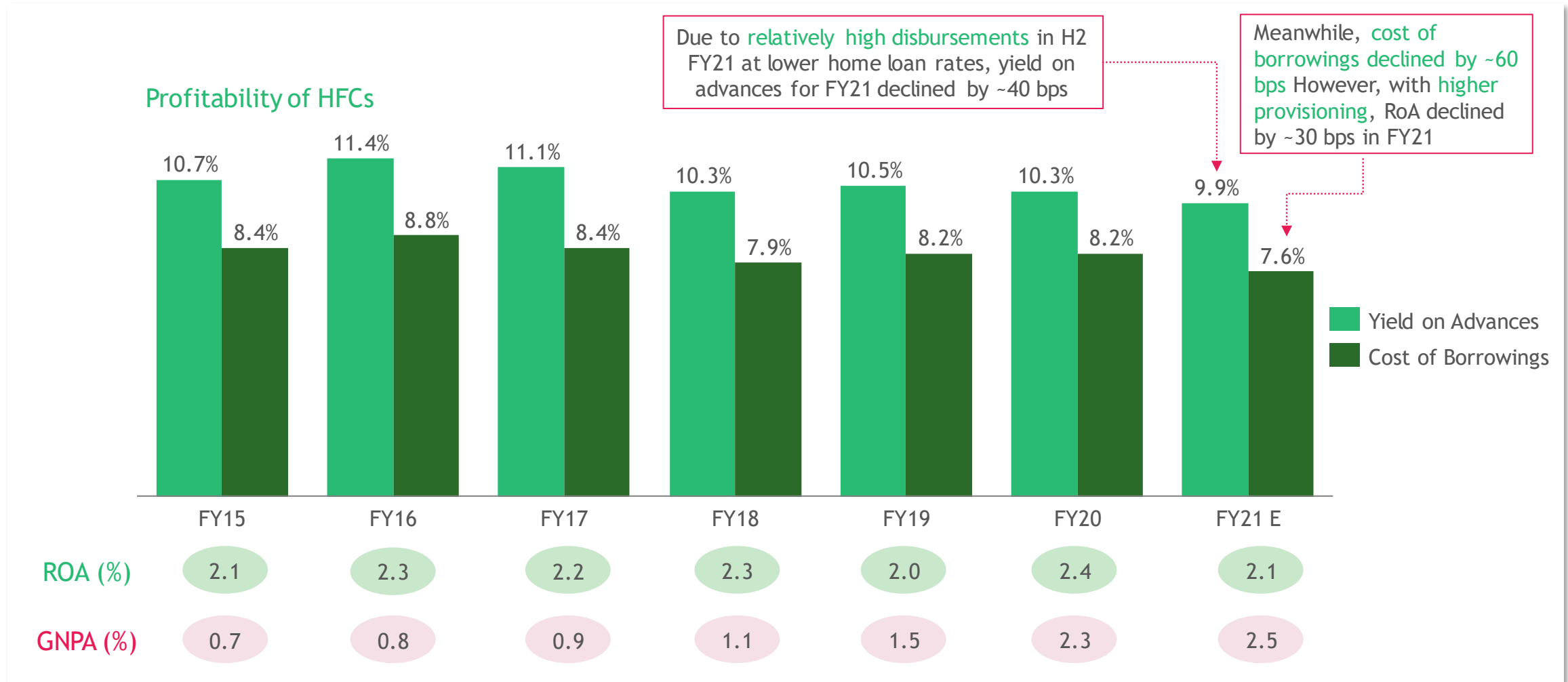
While demand reached to lowest levels during periods of lockdown, improved affordability of houses in H2 FY21 aided in faster than expected revival in demand

Note: Note: E - Estimated;
Source: CRISIL Research



Home Loans: Spreads increased by 20-30 bps due to lower costs

GNPA of HFCs is estimated to have increased by 20-30 bps in FY21 and is expected to increase by same magnitude in FY22



Note: Note: E - Estimated;
Source: CRISIL Research

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Advances deep-dive (select products)

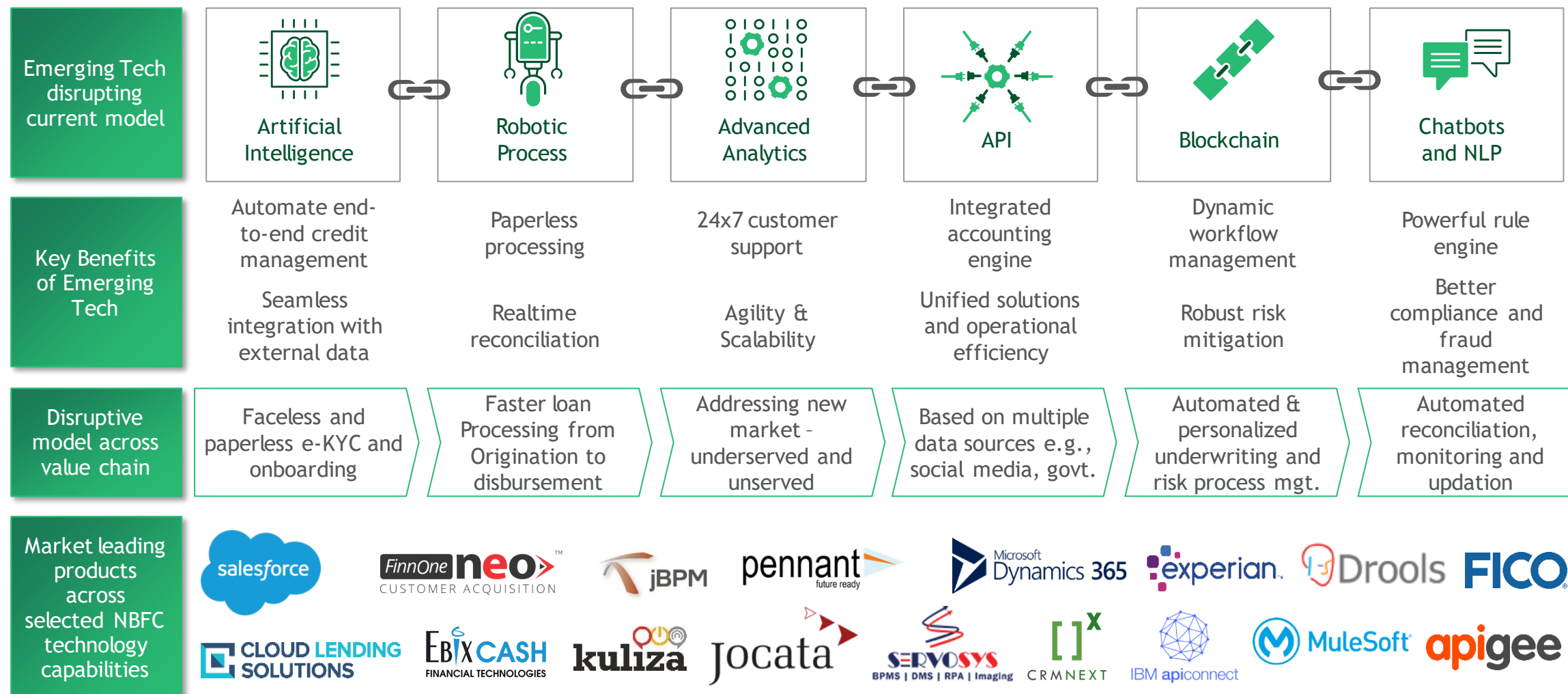
 Recent Trends

Annual player performance

10 Year Financials




Technologies defining a new paradigm for NBFCs and FinTechs








Player specific digital sourcing, onboarding & servicing


Select NBFCs



Muthoot Finance

- 32.3 lac Mobile app downloads
- 24 % of gold loan customers transact online¹
- Rs.5,175 Crs payments from 1.55 Cr transactions so far
- WhatsApp opt-in & e-Sign facility available via online/mobile apps




- Uses WhatsApp/ Chatbot/Portal for 23 SRs types- catering ~35% of SR volumes (aims to reach 60% by Q2-22)
- Email- BOT with 87% efficiency

Digital Service Interaction	85%	Customer Onboarding	84%
Digital Collections	98%	Partners Onboarding	100%



- Digital sourcing increased from 9% in FY20 to 22% in FY21
- Automated underwriting for straight through processing²
- Analytics across the organization through integration and data warehousing¹



- Strong digital workforce of 600+ IT engineers; Leverages IT for acquisition, ops & servicing
- According to Management- Digital collections has already increased steadily using IT
- In FY21- More than 1 Mn customers registered online and \$30 bn worth transactions done



- 2/3rd of Credit Underwriting is Straight-Through-Decisioned basis Scorecards
- WhatsApp & website Chatbot launched for Customer-service and Channel-engagement; Introduced Robotic Process Automation for repetitive activities

1. Including transactions via Paytm, PhonePe & Google Pay; 2. Expected by Sep 202
Source: Investor Presentation, Con-call updates, Analyst Report, Press Searches, BCG Analysis



Key Regulatory Measures (I/II)

	PSL by SFBs to NBFC-MFIs	SFBs are now being permitted to reckon fresh lending to smaller MFIs for on-lending to individual borrowers as PSL
	Tighter Norms for non-FATF	RBI tighten norms for investments in NBFCs from FATF non-compliant jurisdiction to combat money laundering and terrorist financing
	Co-lending by banks and NBFCs	Under the Co-Lending Model (CLM), banks will be permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement
	Exemption to NBFC - AIF	Venture capital fund companies, holding a certificate of registration and not holding or accepting public deposit are exempted from registration as NBFC - AIF
	Revised regulatory framework for HFCs	The revised guidelines aim at harmonizing the regulations of HFCs with that of NBFCs in a non-disruptive manner
	Loans sourced over Digital Lending Platforms	To create transparency in digital lending and safeguarding customer interest key instructions were issued to banks and NBFCs



Key Regulatory Measures (II/II)



Increase in Loan to Value (LTV) ratio for gold loans

LTV for loans against pledge of gold ornaments and jewelry for non-agricultural purposes was enhanced from 75% to **90%** up to March 31, 2021



Regulatory Retail Portfolio - Revised Limit

The threshold limit of Rs. 5 crore for aggregated retail exposure to a counterparty was increased to **Rs. 7.5 crore**



Individual Housing Loan - Rationalization

The risk weights in respect of housing loans were **rationalized**, irrespective of the amount of the loan, for all new housing loans sanctioned up to March 31, 2022



Special Liquidity Scheme for NBFCs/HFCs

Special Liquidity Scheme of **Rs. 30,000** crore for NBFCs and HFCs was implemented on 1st July 2020, as a follow up of one of the announcements under Aatma Nirbhar Bharat package



Declaration of Dividends

RBI has set a relatively **relaxed criteria** for dividend payout, as compared with the draft guidelines



Restructuring existing MSME loans

To provide relief to **MSME sector** in view of the uncertainties created by the resurgence of the Covid-19 pandemic in India in the recent weeks.

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10 Year Financials



Annual player performance (I/III)

Standalone financials

Select NBFCs

	Period	Advances ¹ Rs Cr	NIM ² (%)	CIR ³ (%)	GNPA (%)	ROA ² (%)	ROE ⁴ (%)				
HFCs	 WITH YOU, RIGHT THROUGH	FY '21	4.9L ▲ 10%	2.6 ▲ 22 bps	9 ▲ 380 bps	2.0 ▼ 1 bps	2.2 ▼ 141 bps	12.3 ▼ 940 bps			
		FY '20	4.4L	2.4	5	2.0	3.6	21.7			
		FY '21	2.3L ▲ 10%	2.3 ▲ 1 bps	13 ▲ 38 bps	4.0 ▲ 115 bps	1.2 ▲ 6 bps	14.1 ▲ 18 bps			
		FY '20	2.1L	2.3	13	2.9	1.2	13.9			
		FY '21	0.5L ▼ 8%	2.5 ▲ 44 bps	21 ▼ 290 bps	2.7 ▲ 82 bps	1.2 ▼ 83 bps	7.0 ▼ 647 bps			
		FY '20	0.6L	2.0	24	1.8	2.0	13.4			
		FY '21	0.4L ▼ 42%	10.9 ▲ 722 bps	5 ▼ 1194 bps	NA	NA	-19.2	NM	115	NM
		FY '20	0.7L	3.6	17	63	-14.1	-1062			
		FY '21	0.6L ▼ 9%	2.8 ▲ 55 bps	18 ▼ 295 bps	4.4 ▲ 169 bps	1.2 ▲ 39 bps	11.0 ▲ 213 bps			
		FY '20	0.7L	2.2	20	2.8	0.8	8.9			
	FY '21	0.2L ▼ 8%	3.7 ▲ 45 bps	26 ▼ 531 bps	2.1 ▲ 70 bps	1.3 ▲ 73 bps	12.1 ▲ 402 bps				
	FY '20	0.3L	3.2	31	1.4	0.5	8.1				
	FY '21	0.1L ▼ 4%	3.1 ▲ 78 bps	23 ▼ 784 bps	NA	NA	0.8 ▲ 47 bps	8.1 ▲ 443 bps			
	FY '20	0.1L	2.3	31	NA	0.3	3.6				
	FY '21	0.3L ▲ 19%	2.6 ▼ 8 bps	28 ▼ 519 bps	0.4 ▲ 27 bps	1.3 ▼ 36 bps	7.8 ▼ 131 bps				
	FY '20	0.3L	2.7	33	0.1	1.7	9.1				
Infra		FY '21	3.6L ▲ 8%	3.4 ▲ 58 bps	4 ▲ 5 bps	NA	NA	2.2 ▲ 64 bps	17.3 ▲ 452 bps		
		FY '20	3.3L	2.9	3	8.4	1.6	12.8			
		FY '21	3.7L ▲ 17%	3.5 ▲ 22 bps	3 ▼ 257 bps	4.8 ⁶ ▼ 175 bps	2.2 ▲ 72 bps	21.3 ▲ 722 bps			
		FY '20	3.1L	3.3	6	6.6	1.5	14.1			

xxx Change vs. last year

1. Advances are net Advances 2. RoA and NIM are calculated as % of average assets 3. CIR is calculated as Opex by Total Income (NII + Other Income) 4. RoE are calculated as % of average shareholder's funds 5. Post transfer of business under slump exchange Company is not having Loans (Assets) 6. Gross credit-impaired assets (%); NM: Not Meaningful
Source: RBI; Capitaline; Press releases; BCG analysis



Annual player performance (II/III)

Standalone financials

Select NBFCs

	Period	Advances ¹		NIM ² (%)	CIR ³ (%)	GNPA (%)	ROA ² (%)	ROE ⁴ (%)					
		Rs Cr											
	FY '21	1.1L	▲0%	9.4	▼101 bps	31	▼242 bps	2.2	▲23 bps	2.9	▼110 bps	11.7	▼732 bps
	FY '20	1.1L		10.4		34		2.0		4.0		19.0	
	FY '21	1.1L	▲6%	6.6	▼67 bps	24	▼126 bps	7.1 ⁵	▼130 bps	2.0	▼24 bps	12.6	▼222 bps
	FY '20	1.0L		7.3		25		8.4		2.3		14.8	
	FY '21	0.7L	▲19%	6.7	▲89 bps	32	▼682 bps	4.0	▲20 bps	2.2	▲45 bps	17.1	▲242 bps
	FY '20	0.6L		5.8		39		3.8		1.7		14.7	
	FY '21	0.6L	▼8%	7.3	▲8 bps	28	▼903 bps	9.0	▲52 bps	0.4	▼84 bps	2.6	▼557 bps
	FY '20	0.6L		7.2		37		8.4		1.3		8.1	
	FY '21	0.6L	▲3%	7.5	▲33 bps	49	▼701 bps	NA	NA	0.6	▼109 bps	4.8	▼847 bps
	FY '20	0.6L		7.1		56		NA		1.7		13.2	
	FY '21	0.5L	▲4%	4.4	▲34 bps	32	▲262 bps	2.7 ⁵	▼93 bps	1.5	▼5 bps	9.1	▼139 bps
	FY '20	0.5L		4.1		29		3.6		1.5		10.5	
	FY '21	0.4L	▲1%	5.0	▲26 bps	41	▼917 bps	3.0	▲60 bps	1.4	▲119 bps	10.5	▲824 bps
	FY '20	0.4L		4.7		50		2.4		0.2		2.2	
	FY '21	0.3L	▲5%	4.2	▲5 bps	31	▼280 bps	2.3	▼49 bps	2.4	▲11 bps	13.8	▲13 bps
	FY '20	0.3L		4.2		34		2.8		2.3		13.7	
	FY '21	0.3L	▲3%	10.5	▼123 bps	61	▲66 bps	6.4 ⁵	▼153 bps	3.1	▼21 bps	13.2	▼152 bps
	FY '20	0.3L		11.8		61		7.9		3.3		14.7	
	FY '21	0.2L	▲6%	7.9	▲33 bps	41	▼684 bps	NA	NA	0.3	▼108 bps	1.5	▼609 bps
	FY '20	0.2L		7.6		48		NA		1.3		7.6	
	FY '21	0.2L	▼24%	-1.4	NM	NA	NA	NA	NA	-21.7	NM	-2029	NM
	FY '20	0.3L		0.3		NA		NA		0.2		1.6	

1. Advances are net Advances 2. RoA and NIM are calculated as % of average assets 3. CIR is calculated as Opex by Total Income (NII + Other Income) 4. RoE are calculated as % of average shareholder's funds 5. Gross Stage III assets (%); NM: Not meaningful

Source: RBI; Capitaline; Press releases; BCG analysis

xxx Change vs. last year

Diversified



Annual player performance (III/III)

Standalone financials

Select NBFCs

	Period	Advances ¹		NIM ² (%)	CIR ³ (%)	GNPA (%)		ROA ² (%)		ROE ⁴ (%)			
		Rs Cr											
	FY '21	0.2L	▼ 27%	10.7	▼ 116 bps	36	▲ 110 bps	NA	NA	-4.4	NM	-26	NM
	FY '20	0.2L		11.9		35		2.1		2.8		18	
	FY '21	0.1L	▼ 23%	7.6	▲ 114 bps	46	▼ 878 bps	NA	NA	-5.0	NM	-26	NM
	FY '20	0.1L		6.4		54		NA		-0.1		-0.4	
	FY '21	0.04L	▲ 17%	8.0	▼ 115 bps	35	▼ 436 bps	NA	NA	3.5	▼ 27 bps	9.2	▼ 35 bps
	FY '20	0.03L		9.2		39		2.7		3.8		9.6	
	FY '21	0.5L	▲ 27%	11.6	▼ 139 bps	26	▼ 412 bps	0.9 ⁵	▼ 128 bps	6.5	▼ 28 bps	27.8	▼ 49 bps
	FY '20	0.4L		13.0		30		2.2		6.8		28.3	
	FY '21	0.2L	▲ 9%	13.8	▼ 16 bps	31	▼ 948 bps	1.9	▲ 100 bps	6.9	▲ 93 bps	27.7	▲ 246 bps
	FY '20	0.2L		14.0		40		0.9		5.9		25.2	

Diversified
Gold

1. Advances are net Advances 2. RoA and NIM are calculated as % of average assets 3. CIR is calculated as Opex by Total Income (NII + Other Income) 4. RoE are calculated as % of average shareholder's funds 5. Gross Stage III assets (%); NM = Not meaningful
Source: RBI; Capitaline; Press releases; BCG analysis

xxx Change vs. last year

India NBFC Sector Update - FY21

Key Performance Indicators

NPA and Risk Management

Valuations

Advances deep-dive (select products)

Recent Trends

Annual player performance

 10 Year Financials



Chola Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	9,124	13,462	18,998	23,253	25,452	29,650	34,167	42,924	54,279	60,549	69,996
Growth %	-	48%	41%	22%	9%	16%	15%	26%	26%	12%	16%
GNPA (%)	2.6	0.9	1.0	1.9	3.1	3.5	4.7	3.4	2.7	3.8	4.0
NNPA (%)	0.3	0.3	0.2	0.7	2.0	2.1	3.2	2.2	1.7	2.2	2.2
Debt Equity Ratio	7.2	7.8	7.9	7.8	6.9	6.2	5.9	7.5	8.2	6.7	6.7
ROE (%)	6.7	13.9	18.1	17.1	15.8	16.7	18.1	19.6	20.9	15.2	16.9
<u>PBT</u> ROA (%)	1.4	2.7	3.0	2.8	2.6	3.1	3.4	3.7	3.7	2.7	3.0
Price to Book	1.5	1.9	2.1	1.9	3.4	2.9	3.8	4.9	4.0	1.6	5.1
Market Cap (Rs Cr)	2,086	2,495	3,909	4,128	8,464	11,262	15,082	22,673	22,710	12,528	45,824



Bajaj Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	7,573	13,107	17,517	24,061	32,410	44,229	60,196	82,422	1,15,888	1,47,153	1,52,947
Growth %	-	73%	34%	37%	35%	36%	36%	37%	41%	27%	4%
GNPA (%)	2.9	1.1	1.1	1.2	1.5	1.2	1.7	1.4	1.5	1.6	1.8
NNPA (%)	0.8	0.1	0.2	0.3	0.5	0.3	0.4	0.4	0.6	0.7	0.8
Debt Equity Ratio	4.0	5.0	4.3	4.5	5.3	5.2	5.1	4.4	4.2	NA	NA
ROE (%)	19.7	24.0	21.9	19.5	20.4	20.9	21.6	20.1	22.5	20.2	12.8
ROA (%)	4.4	4.2	4.1	3.6	3.3	3.5	3.7	3.7	4.2	4.1	12.7
Price to Book	2.1	1.8	1.9	2.4	4.7	4.6	7.5	6.8	10.1	4.4	9.2
Market Cap (Rs Cr)	2,564	3,365	5,715	8,980	20,604	37,300	64,399	1,02,156	1,74,830	1,33,325	3,10,323



Sundaram Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	-	13,508	15,148	15,698	16,261	17,895	20,735	24,964	28,984	29,936	30,882
Growth %	-	-	12%	4%	4%	10%	16%	20%	16%	3%	3%
GNPA (%)	-	0.6	1.0	1.2	1.5	2.1	1.5	1.3	1.3	2.5	1.8
NNPA (%)	-	0.1	0.5	0.5	0.5	0.9	0.6	0.7	0.8	1.7	1.0
Debt Equity Ratio	6.2	5.7	5.5	5.2	4.5	4.0	3.8	4.4	5.0	NA	NA
ROE (%)	-	21.4	21.2	19.7	17.6	15.2	14.0	14.5	13.2	13.7	13.8
ROA (%)	-	2.7	2.8	2.5	2.3	2.4	2.2	2.2	2.0	2.2	2.3
Price to Book	1.9	2.2	2.6	3.2	6.4	4.5	5.1	4.7	4.1	2.5	4.9
Market Cap (Rs Cr)	2,722	3,645	5,265	7,359	16,858	14,450	17,940	18,634	17,317	13,368	28,558



Shriram Transport Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	36,187	40,218	49,689	53,116	59,108	72,761	78,761	95,306	104,482	109,749	1,17,243
Growth %	-	11%	24%	7%	11%	23%	8%	21%	10%	5%	7%
GNPA (%)	2.6	3.1	3.2	3.9	3.8	6.2	8.2	9.2	8.4	8.4	7.1
NNPA (%)	0.4	0.4	0.8	0.8	0.8	1.9	2.7	2.8	5.7	5.6	4.2
Debt Equity Ratio	4.4	4.0	4.1	4.3	4.6	4.9	4.8	5.4	5.8	NA	NA
ROE (%)	28	22.8	20.5	16.2	14.0	12.0	11.6	13.1	17.5	14.7	12.6
ROA (%)	4.2	3.8	3.6	2.6	2.3	1.9	1.8	2.6	2.3	2.2	2.0
Price to Book	4.1	2.5	2.4	2.2	2.9	2.2	2.2	2.7	2.0	0.9	1.8
Market Cap (Rs Cr)	18,002	13,595	15,754	17,413	25,282	21,625	24,458	32,662	28,982	14,989	35,993



Mahindra & Mahindra Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	-	-	-	34,133	36,878	40,933	46,776	55,101	68,947	77,159	81,689
Growth %	-	-	-	-	8%	11%	14%	18%	25%	12%	6%
GNPA (%)	4.0	3.0	3.0	4.4	5.9	8.0	9.0	9.8	6.5	8.4	9.0
NNPA (%)	0.5	0.7	1.0	1.9	2.4	3.2	3.6	6.7	5.3	6.0	4.0
Debt Equity Ratio	3.8	4.3	4.4	4.5	4.7	4.7	5.1	4.6	4.5	NA	NA
ROE (%)	22	22.8	23.5	18.6	15.5	11.4	6.4	11.3	15.2	8.1	2.5
ROA (%)	4.1	3.9	4.0	3.2	2.5	1.8	1.0	2.2	2.6	1.3	0.4
Price to Book	3.4	2.6	2.7	2.9	2.7	2.4	2.9	3.4	2.6	0.9	1.7
Market Cap (Rs Cr)	8,072	6,972	11,091	14,333	14,441	13,880	17,910	28,617	26,020	9,093	24,581



L&T Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	18,243	25,671	33,310	40,082	47,232	58,256	66,648	85,354	99,121	98,384	94,013
Growth %	-	41%	30%	20%	18%	23%	14%	28%	16%	-1%	-4%
GNPA (%)	1.1	1.3	2.0	3.2	2.3	4.9	4.9	4.8	5.9	5.4	5.0
NNPA (%)	0.6	1.1	-	2.3	1.3	3.8	2.9	2.3	2.4	2.3	1.6
Debt Equity Ratio	-	-	-	-	-	6.2	6.7	6.5	6.5	6.4	4.7
ROE (%)	16.6	15.7	13.3	11.2	10.3	9.8	12.3	15.7	17.9	15.0	7.4
ROA (%)	-	-	-	-	-	1.5	1.5	1.6	2.3	2.1	1.1
Price to Book	-	2.5	3.8	3.4	3.1	2.8	5.6	4.3	4.0	1.4	2.2
Market Cap (Rs Cr)	-	8,205	12,670	12,639	10,803	11,195	21,710	31,352	30,492	10,245	23,670



HDFC: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	129,270	155,430	187,000	217,800	253,333	291,500	337,800	402,900	461,900	516,700	566,900
Growth %	-	20%	20%	16%	16%	15%	16%	19%	15%	12%	10%
GNPA (%)	0.8	0.7	0.7	0.7	0.7	0.7	0.8	1.1	1.2	2.0	2.0
NNPA (%)	-	-	-	-	-	0.5	0.5	0.4	0.9	1.5	1.2
Debt Equity Ratio	6.5	7.0	6.8	6.5	6.7	6.9	7.0	5.7	4.8	NA	NA
ROE (%)	-	-	22.0	20.5	20.3	21.8	21.0	20.4	13.5	21.7	12.3
ROA (%)	-	-	2.7	2.6	2.7	2.8	2.5	2.4	2.1	2.0	2.1
Price to Book	6.6	5.7	4.7	5.0	6.7	5.2	7.0	5.7	4.6	3.5	4.5
Market Cap (Rs Cr)	102,859	99,443	127,767	137,937	207,183	174,668	238,631	305,952	338,824	282,861	450,644



Muthoot Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	15,869	24,674	26,387	21,862	23,409	24,379	27,279	31,921	38,304	46,871	58,280
Growth %	-	55%	7%	-17%	7%	4%	12%	17%	20%	22%	24%
GNPA (%)	0.3	0.6	2.0	1.9	2.2	2.9	2.1	0.8	1.2	NA ¹	NA ¹
NNPA (%)	0.3	0.5	1.7	1.6	1.9	2.5	1.7	0.3	0.1	NA ¹	NA ¹
Debt Equity Ratio	9.0	7.4	6.5	5.4	4.2	3.6	3.3	2.9	2.7	3.2	NA
ROE (%)	51.5	41.9	30.2	19.5	14.4	15.1	19.4	24.8	22.4	28.3	27.8
ROA (%)	4.2	4.4	4.1	3.2	3.0	3.3	4.5	6.4	6.3	8.1	8.0
Price to Book	-	2.1	2.0	1.6	1.6	1.4	2.4	2.1	2.8	2.2	3.4
Market Cap (Rs Cr)	-	4,706	6,825	6,393	8,240	7,132	14,739	16,294	24,665	24,590	48,380

1. Stopped reporting as they moved to IndAs

Source: Company Investor Presentations, Company Annual Reports, BCG Analysis, Capitaline



Manappuram Finance: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	7,500	11,600	10,000	8,200	9,600	11,400	13,700	15,800	19,400	25,200	27,200
Growth %	-	55%	-14%	-18%	17%	19%	20%	15%	23%	30%	8%
GNPA (%)	-	0.6	1.1	1.2	1.2	1.0	2.0	0.7	0.5	0.9	1.9
NNPA (%)	-	0.3	0.7	1.0	1.0	0.7	1.7	0.3	0.3	0.5	1.5
Debt Equity Ratio	2.8	3.4	4.0	3.6	3.2	3.2	3.3	3.3	3.4	3.9	3.1
ROE (%)	22	27.5	8.6	9.2	10.6	12.8	24.7	18.9	22.4	28.4	26.2
ROA (%)	5.5	6.0	1.7	1.9	2.4	4.2	5.4	4.2	4.6	5.9	5.6
Price to Book	2.9	1.2	0.7	0.7	1.1	1.1	2.7	2.6	2.6	1.7	2.1
Market Cap (Rs Cr)	5,532	2,561	1,817	1,809	2,730	2,944	8,263	9,188	10,560	8,006	12,628



TATA Capital: 10-year financials

	FY 11	FY 12	FY 13	FY 14	FY 15	FY16	FY17	FY18	FY 19	FY 20	FY 21
AUM (Rs Cr)	-	-	24,740	28,435	34,362	43,881	51,847	61,445	77,110	77,610	77,129
Growth %	-	-	-	15%	21%	28%	18%	19%	25%	1%	-1%
GNPA (%)	-	-	2.0	3.5	4.2	3.8	3.4	2.4	1.7	1.9	2.5
NNPA (%)	-	-	0.0	2.9	2.8	2.2	0.9	0.7	0.4	0.6	0.9
Debt Equity Ratio	0.0	5.7	5.7	5.8	6.2	6.8	6.9	6.9	8.4	7.6	6.7
ROE (%)	-	-	11.3	3.8	5.4	6.0	6.7	12.8	13.9	3.4	12.2
ROA (%)	-	-	0.0	0.6	0.7	0.7	0.6	1.1	1.1	0.4	1.5
Price to Book	-	-	-	-	-	-	-	-	-	-	-
Market Cap (Rs Cr)	-	-	-	-	-	-	-	-	-	-	-

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