

FH 2013-14

CRISIL RatingsRoundup



India Inc's credit quality on slippery wicket



Analytical Contacts:

Somasekhar Vemuri

Director - CRISIL Ratings

Tel: +91 22 3342 3106

Email: somasekhar.vemuri@crisil.com

Darshan Lad

Associate Director - CRISIL Ratings

Tel: +91 22 3342 8235

Email: darshan.lad@crisil.com

Achin Bhati

Manager - CRISIL Ratings

Tel: +91 22 3342 3404

Email: achin.bhati@crisil.com

Prateek Nichani

Analyst - CRISIL Ratings

Tel: +91 22 3342 8264

Email: prateek.nichani@crisil.com

Executive Summary

CRISIL's credit ratio -- or the proportion of upgrades to downgrades -- for the first half of the current fiscal ended September 30 has come in at 0.87 times. The ratio has stayed under 1 for the last two years. This time around, there were 478 downgrades to 417 upgrades. As much as 86 per cent of the downgrades were due to demand slowdown and stretch in liquidity (caused by delays in receivables). CRISIL believes these problems, along with high interest rates, mean credit quality of corporates will remain weak in the near term.

Despite the tough economic environment, H1 2013-14 continued to see rating upgrades. Almost 40 per cent of the upgrades were driven by firm-specific factors such as satisfactory track record of timely debt servicing by firms that were previously rated default grade, and an improvement in capital structure following higher-than-anticipated equity infusions or reduction in debt. Another 25 per cent, was due to better business conditions for firms that are not dependent on investment demand such as textiles, agricultural products and packaged foods sectors. These sectors witnessed the highest upgrade rates.

CRISIL's analysis on 2,481 firms rated BBB- and above indicates that a fourth of these firms were highly vulnerable to demand slowdown and a sixth to liquidity constraints. Working capital management emerged as a clear differentiator of credit quality. Firms with longer working capital cycles – or gross current assets (GCA) exceeding 240 days of sales - have witnessed twice the number of downgrades compared with upgrades. On the other hand, firms with prudent working capital management, as indicated by low GCAs of less than 120 days of sales, witnessed more upgrades than downgrades. Power, road transport and construction sectors had the highest downgrade rates.

Asset quality of banks would reflect the weakness in the external environment. CRISIL expects the gross non-performing assets (NPAs) to increase sharply by 110 basis points to 4.4 per cent of gross advances by the end of this fiscal, up sharply from 3.3 per cent last year. Furthermore, systemic weak assets are likely to rise by 140 basis points to 5.7 per cent of gross advances by the end of this fiscal, a significant increase from last year's 4.3 per cent. Weak assets are defined as gross NPAs plus 30 per cent of restructured standard assets (RSAs), excluding those of state power utilities. CRISIL believes 30 per cent of RSAs have a high chance of slipping into NPAs over the next two years on account of the L-shaped economic growth trajectory expected.

Going forward, demand and adequacy of funding will drive credit quality of companies. CRISIL believes downgrades will continue to outnumber upgrades over the near term, and intensity of downgrades may even increase.

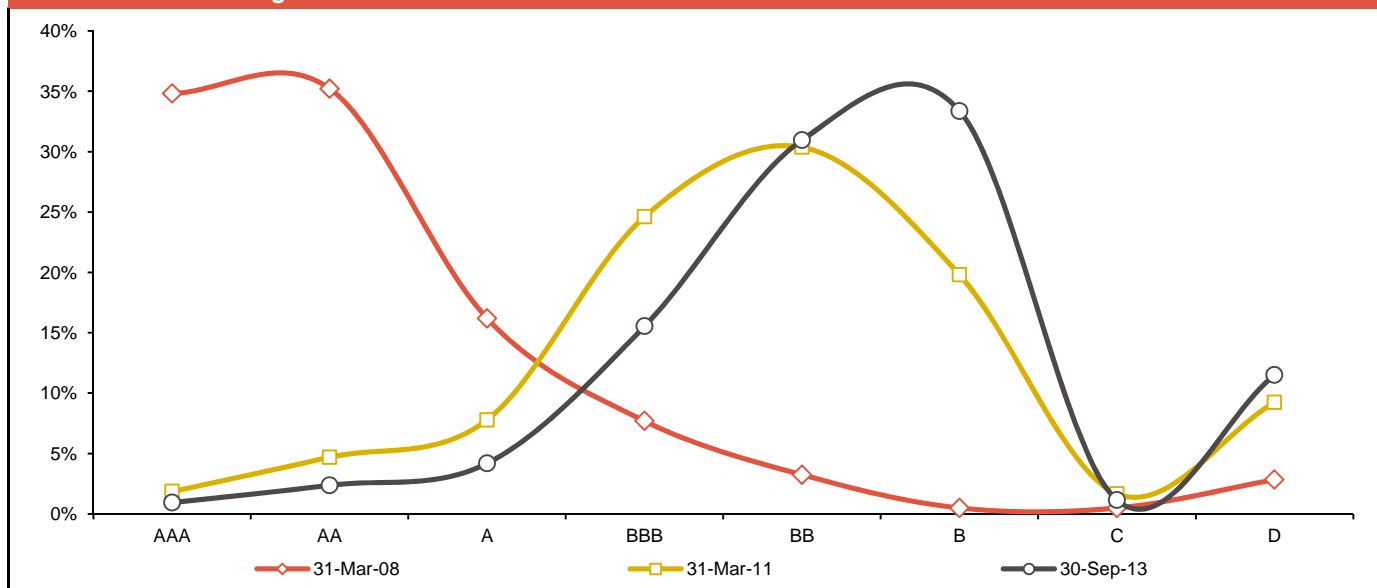
About CRISIL's Ratings Round-Up

CRISIL's Ratings Round-Up is a semi-annual publication that analyses CRISIL's rating actions, and traces linkages between these actions and underlying economic trends and business factors. A credit rating is an opinion on the likelihood of timely debt repayment; therefore, an analysis of rating actions in a large and diverse portfolio of rated companies is an adequate indicator of economic prospects. The current issue analyses CRISIL's rating actions over the six months ended September 30, 2013.

CRISIL's portfolio expansion: Outstanding ratings increase by more than two times in two and a half years

CRISIL's portfolio of outstanding ratings has expanded considerably in recent years. The portfolio maintained its growth momentum in H1 2013-14, and more than doubled to 12,400 ratings as on September 30, 2013 (within 30 months from 5740 ratings as on March 31, 2011). The expansion in rating portfolio has been accompanied by changes in CRISIL's rating distribution: with an increasing number of ratings assigned in lower rating categories. In recent years, more than 75 per cent of ratings have been at either 'CRISIL BB' or lower. Consequently, the median rating is at the 'CRISIL BB' category as on September 30, 2013 – unlike on March 31, 2008, when the median rating was at 'CRISIL AA' (refer to Chart 1).

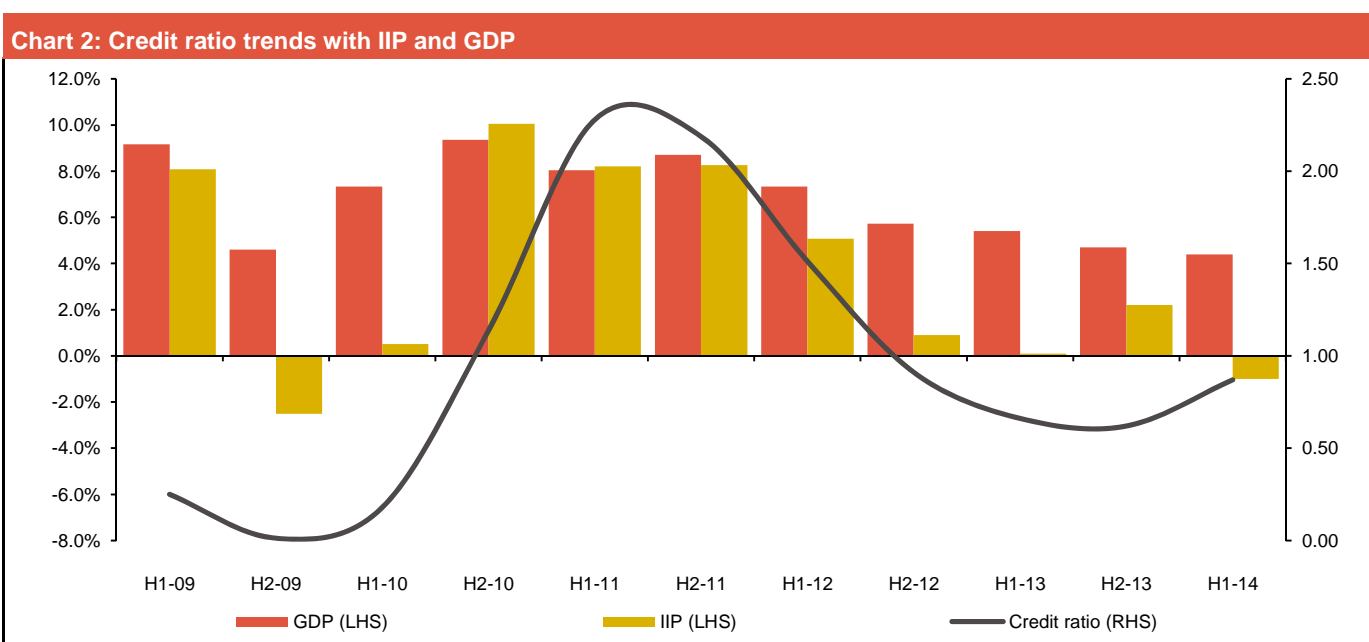
Chart 1: CRISIL's rating distribution



Source: CRISIL

Continual credit quality pressures in H1 2013-14 due to sluggish offtake and stretched liquidity

Downgrades outnumbered upgrades during H1 2013-14. Credit quality pressures persisted in H1 2013-14, primarily because of slowdown in demand, stretched liquidity, and high interest rates. The credit ratio (0.87 times for H1 2013-14) has remained below 1 time over the past two years, indicating continued pressure on corporate India's credit quality.



*Gross Domestic Product (GDP) and Index of Industrial Production (IIP) growth rates for H1-14 are for the period April to June 2013. (For a complete list of rating actions in H1 2013-14, refer to Annexures II-b and II-c under 6.2.2 of 'Regulatory Disclosures' on the CRISIL website)

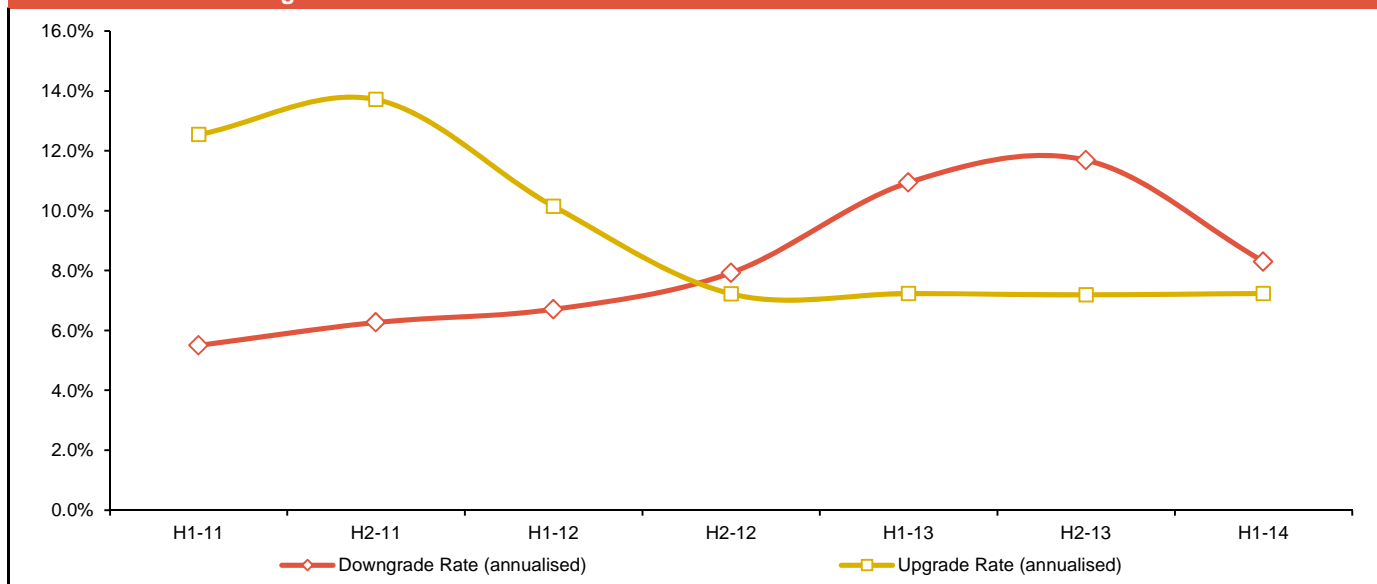
Source: CRISIL

CRISIL's credit ratio frequently exhibits a correlation with economic indicators such as the IIP and GDP. Slowdown in demand, stretched liquidity, and high interest rates are key factors constraining the credit quality of India's corporates. In the later half of H1 2013-14, events, such as – the sharp rupee depreciation, liquidity tightening by the RBI, and the increase in short-term interest rates – have sharply increased the pressure on Indian corporates. CRISIL expects the credit ratio to remain below 1 time on account of these factors over the near term.

High downgrade rate during H1 2013-14; downgrades to outnumber upgrades over near term

CRISIL's downgrades (478) exceeded upgrades (417) in H1 2013-14, indicating credit quality pressures. Defaults resulted in around 36 per cent of the downgrades. More than two thirds of the downgrades occurred in the 'CRISIL BB' rating category and below. The annualised downgrade rate during H1 2013-14 was 8.3 per cent, and has remained high at between 8 and 12 per cent during the past 18 months, primarily because of sluggish demand. Around 86 per cent of the downgrades in H1 2013-14 were on account of slowdown in demand, and stretched liquidity. Downgrades are expected to outnumber upgrades in the near term as well, on account of these factors.

Chart 3: Trends in rating actions



Source: CRISIL

The rate of upgrades at around 7.2 per cent in H1 2013-14 was in part due to the large number of upgrades in Q1 2013-14. A fifth of upgrades have occurred from the default category; 18 per cent of upgrades were because of stronger capital structures, following equity infusions or reduction in debt; another fourth of upgrades resulted from business improvements in non-investment-linked sectors such as textiles, agricultural products and packaged foods. More than 60 per cent of upgrades were, therefore, on account of company-specific factors, or in sectors not associated with investment demand.

Credit quality pressures likely to continue with slowing demand and high interest rates

Growth in India's economy slowed down to 4.4 per cent in Q1 2013-14 from 4.8 per cent in the previous quarter. Despite a sharp increase in government spending, sluggishness in private consumption and shrinking investments resulted in a decline in overall GDP growth. The slow pace of growth, and stretched liquidity have adversely affected Indian companies.

CRISIL believes that the Indian economy will grow at 4.8 per cent in 2013-14, lower than the Central Statistical Organisation's (CSO's) estimate of 5 per cent in 2012-13. Unlike the sharp V-shaped recovery following the global financial crisis in 2008, India's GDP growth is likely to follow an L-shaped trajectory. Given the weak momentum in industrial activity and services, any recovery in growth in 2013-14 will largely rely on an increase in agricultural growth. The strong and well-distributed monsoon has significantly improved the outlook on agriculture. Growth in the global economy is expected to pick up with higher growth rates of 3.2 per cent and 1.3 per cent in 2014 for USA and UK respectively. Also, economy in the Eurozone is expected to revive in 2014, after being in decline for two years. Growth in these markets is expected to enhance the fortunes of export-linked sectors. Despite these positives, growth in domestic industry and services will remain weak; volatility in rupee and high interest cost will mostly likely curb economic growth. India's GDP is, therefore, expected to follow an L-shaped trajectory in 2013-14, continuing to constrain corporate India's credit quality.

Table 1: Trends in GDP growth rates Europe, UK and USA

Countries	2012	2013(P)	2014(P)
Euro Zone	(0.6)	(0.8)	0.7
United Kingdom	0.3	0.6	1.3
USA	2.2	2.5	3.2

Source: CRISIL

Weak liquidity in corporate India; funding environment to remain challenging

RBI's recent measures—capping the access of banks to systemic liquidity, and mandating a higher minimum daily cash reserve requirement—have arrested the decline in interest rates and weakened systemic liquidity. These measures have caused interest rates to increase sharply, especially at the shorter end of the yield curve. Many firms have, therefore, approached banks for funds, rather than issuing commercial paper; this has, in part, contributed to increase in bank credit growth to 18.3 per cent (year-on-year basis) as on September 6, 2013 from 13.7 per cent (year-on-year basis) as on June 28, 2013. Further, with RBI's recent 25-bps increase in repo rate, signaling intent to control inflation in a slowing economy, the lending rates are expected to remain high over the medium term. Since the liquidity tightening measures by RBI, around 10 large private sector banks and four public sector banks increased base lending rates by 10 to 35 basis points (bps). Such measures will inhibit an already depressed investment climate. Any significant revival in investment demand in 2013-14 will be gradual as companies have shelved and deferred investment projects due to weak demand in 2012-13 and 2013-14.

Table 2: Trends in industrial activity and funds mobilisation

Quarter ended	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Bank Credit Growth (%)	21.6	20.1	23.2	16.0	19.5	18.7	16.5	15.2	15.5	13.7	18.3 [^]
Repo rate (%)	6.75	7.50	8.25	8.50	8.50	8.00	8.00	8.00	7.50	7.25	7.50
Credit spreads (%)#	0.90	1.10	1.00	0.70	0.82	0.77	0.74	0.63	0.76	0.60	1.00 [@]
ECB mobilised (Billion USD)	9.8	8.1	10.2	8.5	9.1	8.1	6.2	6.8	10.9	5.6	3.7 [@]
Equity Mobilised (Rs. Billion)	210.1	239.7	84.8	12.7	67.2	336.3	171.3	129.7	142.3	335.1	32.9 [@]
IIP Growth (% YoY)	7.9	7.0	3.2	1.2	0.8	-0.3	0.4	2.3	2.2	-1.0	2.6 [@]
GDP Growth (% YoY)	9.9	7.5	6.5	6.0	5.1	5.4	5.2	4.7	4.8	4.4	NA

#AAA spread over 10 year G-Sec

[^]Represents year-on-year (y-o-y) growth over 12 months at the end of each quarter. Figures for September 2013 represent 12 month yoy bank credit growth at the end of September 6, 2013

[@] Updated as of July 2013

Source: CRISIL

Credit quality pressures on corporate India will continue in the near term. The pressure will be greater on firms with higher leverage and longer working capital cycles. Additionally, refinancing pressures will increase for corporates because of weak systemic liquidity. The liquidity analysis of 12,400 CRISIL-rated firms indicates that corporate India's cash accruals will be sufficient to service only two-thirds of the maturing term debt in 2013-14. Firms will find it challenging to refinance the remaining third, given the stretched systemic liquidity.

Slowing demand and tight liquidity to challenge corporate India; larger companies facing more challenges than smaller counterparts

Recently, CRISIL carried out an analysis on the degree of vulnerability to various sources of stress on a portfolio of 2481 firms which had outstanding ratings of 'CRISIL BBB-' or higher as on August 31, 2013. These firms account for 32 per cent of the banks' corporate lending. CRISIL believes that a fourth of these firms are highly vulnerable to slowing demand, while financing cost (interest cover) is a vulnerability issue for a fifth. Stressed liquidity is a key vulnerability for around 16 per cent of these firms. In contrast, despite sharp depreciation in rupee value in the recent past, only 6 per cent of these firms were identified as vulnerable to foreign exchange (forex) risk, with primary stress from forex-denominated debt.

Table 3: Source-wise vulnerability assessment of entities

% of total					
	Demand Assessment	Forex risk	Liquidity risk	TOL/TNW	Interest Cover
High	25%	6%	16%	16%	20%
Medium	44%	8%	56%	4%	11%
Low	31%	86%	28%	81%	69%
Total	100%	100%	100%	100%	100%

Source: CRISIL

Demand slowdown was the key source of vulnerability for smaller firms, with 26 per cent of CRISIL-rated firms assessed as 'highly vulnerable'; exposure to interest cover and liquidity pressure were the key vulnerability for 18 per cent and 15 per cent, respectively of smaller firms.

Extended working capital cycles also contributed to liquidity pressure for large and small firms. Around 26 per cent of large firms and around 22 per cent of small firms scored 'high' on gross current assets (GCA), primarily on account of stretched receivables.

CRISIL's analysis on firms that were subject to rating actions during H1 2013-14 indicates that those with high GCAs have a substantially lower credit ratio compared to their peers with low GCAs. Firms with longer working capital cycles, or GCAs greater than 240 days have witnessed twice the number of downgrades as compared to upgrades. Firms with prudent working capital management, as indicated by low GCAs of less than 120 days, on the other hand, reported a credit ratio of around 1.5 times (see Table 4)

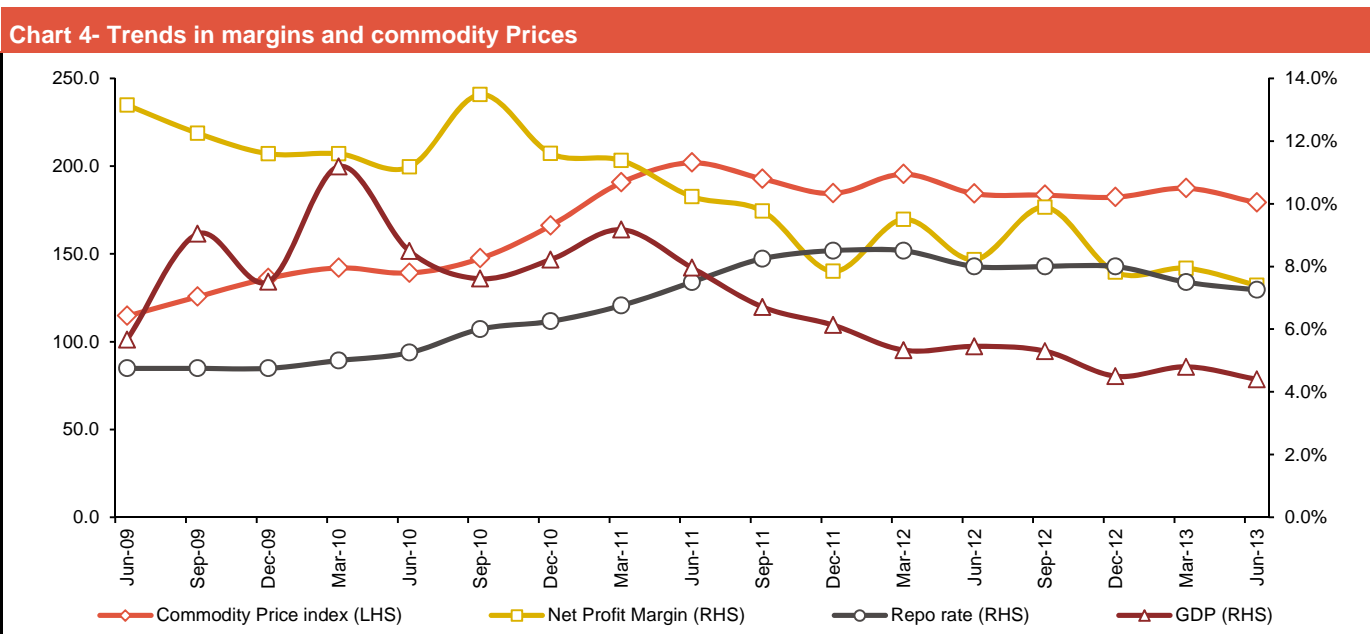
Table 4: GCAs wise credit ratio

GCA days	Credit ratio
Upto 120	1.48
Between 121 to 240	0.89
More than 240	0.42

Source: CRISIL

Weak profitability, fragile economic growth, and high interest rates

CRISIL's analysis of the aggregate financial performance of listed companies indicates that the net profit margin (NPM) of 400¹ companies in the S&P CNX 500 Index has been declining in the past 18 months. The NPM dropped to 7.4 per cent, the lowest in 16 quarters; weak demand and high interest rates impacted profitability. Though commodity price index² (in dollar terms) has remained stable over last few quarters, sharp currency depreciation has adversely impacted the commodity prices in rupee terms for India Inc. Persistent demand pressure, along with high commodity prices and interest rates, could reduce profitability marginally in Q2 2013-14. CRISIL believes that the NPM of Indian companies will remain constrained in 2013-14 primarily by weak volume growth and the prevailing high interest rates.



Source: CRISIL

¹ These listed companies have reported their results for the quarter ended June 30, 2013, and have remained in the S&P CNX 500 for the past 17 quarters. The three oil marketing companies (OMCs) have been excluded, because their reported numbers will skew the sample. Companies from the financial sector have also been excluded from the sample.

² As published by International Monetary Fund [IMF]

Banks' asset quality to deteriorate

With the weakening economy, banks' asset quality is likely to deteriorate. CRISIL expects gross NPA of India's banks to increase to 4.4 per cent by March 31, 2014, from 3.3 per cent a year ago, primarily due to weak demand and tight systemic liquidity. Also, due to the same reasons, RSAs are also expected to increase sharply for these reasons. Despite the restructuring, CRISIL believes that the inherent weakness in RSAs is accentuated by the fragile economic environment. CRISIL estimates that 30 per cent of RSAs (excluding exposure to state power utilities) are vulnerable to slip into NPAs over the next two years. CRISIL estimates that weak assets in the banking system (combining gross NPAs and likely slippages from RSAs) would increase sharply to 5.7 per cent as on March 31, 2014, up from 4.3 per cent a year ago.

Table 5: Weak assets in banking sector

	Mar-12	Mar-13	Mar-14
Gross NPA (as % of gross advances)	2.9%	3.3%	4.4%
RSA (as % of gross advances)	4.8%	5.1%	5.5%
RSA ex-SPIs (as % of gross advances)	3.4%	3.5%	4.4%
Weak Assets(as % of gross advances)	3.9%	4.3%	5.7%
Gross Advances (Rs. Billion)	49,022	59,880	68,125

Source: CRISIL

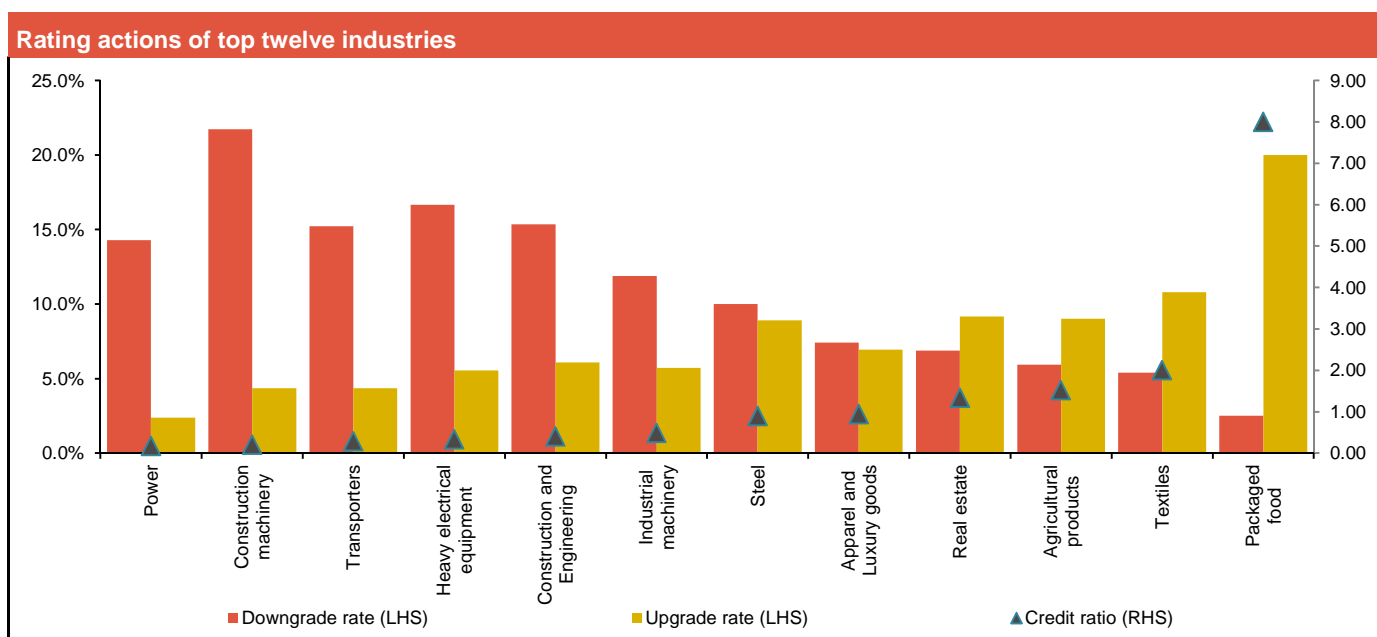
CRISIL's estimate of 30 per cent of RSAs being weak assets is higher than what we saw after the previous phase of large scale restructuring in the wake of the global financial crisis in 2008, where only 15 per cent of RSAs slipped into NPAs in a two-year period. The higher levels of NPAs will be driven by L-shaped economic growth trajectory expected now, unlike the sharp V-shaped recovery in the aftermath of the Lehman crisis. State power utilities and Air India are likely to receive adequate sovereign support from state and central governments; restructured loans to these counterparties are, therefore, unlikely to slip into NPAs over the medium term.

Outlook:

GDP growth in the Indian economy is expected to decline to 4.8 per cent in 2013-14, from 5.0 per cent (CSO estimates) in 2012-13, primarily because of the weaker-than-expected momentum in the manufacturing sector. CRISIL believes that the profitability of Indian companies will decline in 2013-14 with weak demand and high interest rates. Moreover, even if the RBI reverses some of its liquidity-restricting measures to curb rupee volatility, interest rates are unlikely to decrease substantially. Higher lending rates will, therefore, weaken demand and delay recovery in the manufacturing sector.

CRISIL believes that a weak economy and policy log-jam will continue to constrain any improvement in credit quality in H2 2013-14. The credit quality of corporate India will remain weak, and its credit ratio will remain below 1 time during the period. Given the slowdown in demand and stretched liquidity, the severity and intensity of rating downgrades may also increase in H2 2013-14. Any increase in working capital cycles will additionally restrict the credit quality of corporate India. Demand and the availability of adequate funding at reasonable rates will remain key monitorables during H2 2013-14.

Key reasons for rating actions and outlook for major industries



Source: CRISIL

Key reasons for rating action and credit quality outlook for major sectors

Industry	Key Reasons for Rating action in H1 2013-14	Outlook for the near to medium term
Power	<p>Downgrades in the sector resulted from systemic challenges such as fuel shortage, weak financial profiles of distribution companies, and delays in commissioning projects. Lower-than-expected cash accruals impacted the financial risk profiles of players.</p> <p>Most downgrades in H1 2013-14 were to the default category. Debt repayments were delayed due to insufficient cash accruals, because of weak liquidity.</p>	<p>CRISIL believes that demand for power will grow at a modest 4.7 per cent in 2013-14, because of weak industrial demand and offtake risk driven by the poor health of state discoms. The plant load factors of thermal plants could decline 200 bps to 68 per cent led by weak demand and limited fuel availability for some plants. High interest costs and imported coal costs because of the depreciation of the rupee will continue to restrict profitability. The inability of some projects to pass on fuel cost escalations will continue to weigh down cash flows.</p>
Construction	<p>Downgrades were driven by sluggish domestic demand and continued pressure on working capital requirements due to stretched receivables and high inventory.</p> <p>Most upgrades resulted from an increase in the scale of operations and selective and prudent project tendering, thereby improving business risk profiles, and operational efficiencies. Around 40 per cent of the upgrades were from default category, primarily driven by firms' track record of timely debt servicing.</p>	<p>CRISIL believes that revenue growth will be tepid between 2 and 4 per cent during 2013-14 on account of continued decline in fresh order inflows and slower execution of orders due to policy bottlenecks, high interest costs, funding constraints, and leveraged balance sheets of many project developers and slowing demand.</p> <p>Profitability could remain constrained — earnings before interest, taxes, depreciation, and amortisation (EBITDA) margins, are expected to decline by around 50 bps. Continued large working capital requirements and high interest costs could severely restrict bottomline.</p>
Domestic Road Freight Transportation	<p>Downgrades were driven by weak demand from end-user industries and high input costs impacting players' profitability.</p> <p>There were only two upgrades in the sector; these were on account of shelved capital expenditure (capex) programmes, and substantial improvements in financial risk profiles on the back of healthy cash accruals.</p>	<p>CRISIL believes that freight demand will remain subdued given the weak macro-economic environment. Domestic primary freight demand could grow at a moderate 4 to 5 per cent in 2013-14. Lower freight availability is likely to impact fleet utilisation. Transporters may be unable to pass on increases in fuel costs (diesel prices expected to increase by Rs.6 to Rs.7 in 2013-14) to customers. The operating margins of transport operators could, therefore, decline in 2013-14. Moreover, large working capital requirements and high interest rates will restrict the profitability of players.</p>

Industry	Key Reasons for Rating action in H1 2013-14	Outlook for the near to medium term
Textiles	<p>Most upgrades were driven by stabilisation of capex programmes undertaken in the past, and equity infusions by promoters.</p> <p>Around two-thirds of downgrades resulted from insufficient cash accruals vis-à-vis maturing debt obligations. The remaining downgrades in the sector were driven by increased working capital requirements due to stretched receivables.</p>	<p>CRISIL believes that readymade-garment (RMG) exporters will report dollar revenue growth of 4 to 5 per cent in 2013-14 led by improved demand in the United States and other key markets, compared to a decline of around 6 per cent in 2012-13. Domestic RMG players could record 3 to 5 per cent growth in revenues on the back of buoyant rural demand, driven by higher incomes due to a good monsoon. EBITDA margins of exporters could increase by 200 bps, while those of domestic companies will improve by 200 to 250 bps because of the excise duty cut since March 2013, which is unlikely to be passed on to the consumers.</p> <p>The credit profiles of cotton yarn spinners could improve, backed by stable demand and a 200-bps improvement in operating margins, supported by favourable yarn prices, strong export demand and a weak rupee. The financial risk profile will remain comfortable, backed by stronger capital structures and debt protection measures.</p>
Steel	<p>Upgrades were on account of an improvement in financial risk profiles, on the back of steady cash accruals and the absence of debt-funded capex programmes over the medium term. A few upgrades were also supported by continued funding support from the promoters.</p> <p>Downgrades were driven by weakening financial risk profiles, resulting from significant debt-funded capex programmes and raw material availability constraints related to iron ore and coal. Around half of the downgrades occurred because of insufficient cash accruals to service maturing debts.</p>	<p>CRISIL believes that the steel sector volumes will grow by 2 to 3 per cent due to weak demand from the construction, automobiles and consumer durables sectors. Capacity utilisation rates could decline to around 1000 bps as over 15 million tonnes of capacity could come on stream in the current year.</p> <p>Indian manufacturers are unlikely to benefit from a weaker rupee as fragile domestic demand and high inventory will constrain pricing power. EBITDA margins of most companies could decline by 100 to 200 bps. High interest outgo (due to leveraged balance sheets of most companies in the sector) will exert pressure on NPMs.</p>

Industry	Key Reasons for Rating action in H1 2013-14	Outlook for the near to medium term
Real estate	<p>Most upgrades were on account of a gradual reduction in project-related risks, as the projects were in advanced stages of completion. The ratings of five companies of a single group were thus upgraded.</p> <p>Downgrades occurred due to funding challenges in tight systemic liquidity conditions prevailing during H1 2013-14.</p>	<p>For the real estate sector, the economic slowdown and large capital values have dealt a double blow to affordability, by impacting income and cost. Demand for residential real estate across the 10 key cities of India is expected to decline by around 6 per cent on a year-on-year basis in 2013 and another 4 per cent in 2014. Despite declining transaction volumes, capital values have held up thus far. However, a continued decline in demand and increasing inventories will force developers to reduce capital values. CRISIL believes that a 5 per cent correction by December 2013 and another 6 to 7 per cent in 2014, is in order. Mumbai and the National Capital Region will see the maximum decline in demand (at 8 and 10 per cent respectively) in 2013 over 2012. The funding environment is also likely to remain challenging due to lenders' cautious approach and stringent regulations. Developers executing a large number of projects and having leveraged balance sheets will face greater impact.</p>
Financial sector firms	<p>No banks have been downgraded in the first half of 2013-14. There were three downgrades in the non-banking finance companies (NBFC) sector. Two gold finance companies were downgraded because of expected weakening in profitability due to increasing delinquencies, gold price volatility and operating costs. The downgrades also indicate possible funding constraints due to recent regulatory developments.</p> <p>There were two upgrades in the housing finance sector, primarily led by consistent business growth while maintaining steady asset quality over the years.</p>	<p>CRISIL believes that the asset quality and profitability of Indian banks (particularly public sector banks) will remain under pressure in 2013-14. The weak economic environment and sustained high interest rates have resulted in increasing slippages, primarily from the corporate and small and medium enterprise (SME) loan segments. Gross NPAs (as a proportion of gross advances) could increase to 4.4 per cent by March 2014, from around 3.3 per cent as on March 31, 2013.</p> <p>Moreover, banks will continue to restructure loans in the current year, albeit at a slower pace. The profitability of banks is also likely to decline in the current year mainly due to an increase in provisioning costs. Nevertheless, the capital position and resource profiles of Indian banks are adequate and stable. Furthermore, public sector banks continue to benefit from the strong expectation of support and regular capital infusion by the Government of India.</p>



CRISIL RatingsRoundup

Industry	Key Reasons for Rating action in H1 2013-14	Outlook for the near to medium term
		<p>CRISIL believes that business growth of NBFCs will slowdown to a five-year low of 12 to 14 per cent because of a slowdown in the vehicle finance and gold financing segments. The asset quality is likely to deteriorate over the next 12 to 18 months amid the weak macro-environment. The profitability of NBFCs is expected to decline with an increase in provisioning and borrowing costs. Nevertheless, capitalisation could remain comfortable and support the credit profile of NBFCs, which will continue to face challenges in aligning their business models to the stringent regulatory framework.</p> <p>CRISIL believes that the operating environment for capital-market-related businesses will remain challenging because of subdued retail participation, and lacklustre primary markets adversely impacting the broking and investment banking segments, respectively. The pressure on profitability is likely to continue given the limited flexibility to reduce operating costs.</p>

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Ratings

CRISIL Ratings is India's leading rating agency. We pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we have a leadership position. We have rated over 60,000 entities, by far the largest number in India. We are a full-service rating agency. We rate the entire range of debt instruments: bank loans, certificates of deposit, commercial paper, non-convertible debentures, bank hybrid capital instruments, asset-backed securities, mortgage-backed securities, perpetual bonds, and partial guarantees. CRISIL sets the standards in every aspect of the credit rating business. We have instituted several innovations in India including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We pioneered a globally unique and affordable rating service for Small and Medium Enterprises (SMEs). This has significantly expanded the market for ratings and is improving SMEs' access to affordable finance. We have an active outreach programme with issuers, investors and regulators to maintain a high level of transparency regarding our rating criteria and to disseminate our analytical insights and knowledge.

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Our Offices

Ahmedabad

Unit No.706, 7th Floor, Venus Atlantis
Near Reliance Petrol Pump
Prahladnagar Satellite
Ahmedabad - 380 015
Phone: +91 79 4024 4500
Fax: +91 79 4024 4520

Bengaluru

W-101, 1st Floor, Sunrise Chambers
22, Ulsoor Road
Bengaluru - 560 042
Phone: +91 80 4244 5399
Fax: +91 80 4244 5300

Chennai

Thapar House, Mezzanine Floor,
No. 37 Montieth Road,
Egmore, Chennai - 600 008
Phone: +91 44 2854 6205
Fax: +91 44 2854 7531

Gurgaon

Plot No. 46
Sector 44
Opp. PF Office
Gurgaon - 122 003, India
Phone: +91 124 6722 000

Hyderabad

Uma Chambers, 3rd Floor
Plot No. 9 &10, Nagarjuna Hills
Near Punjagutta Cross Road
Hyderabad - 500 082
Phone: +91 40 2335 8103
Fax: +91 40 2335 7507

Kolkata

Horizon, Block'B', 4th Floor
57, Chowringhee Road
Kolkata - 700 071
Phone: +91 33 2289 1949
Fax: +91 33 2283 0597

Pune

1187/17, Ghole Road
Shivaji Nagar, Pune - 411 005
Phone: +91 20 4018 1900
Fax: +91 20 4018 1930



CRISIL Limited

CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai- 400 076. India
Phone: +91 22 3342 3000 | Fax: +91 22 3342 3001
www.crisil.com