

## S&P CRISIL Awards Red Fort Capital's NBFC an Investment Grade Rating

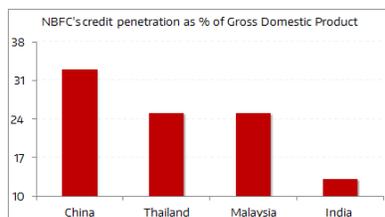
In India a few Banks & Financial institutions are in a credit crunch turmoil and ratings downgrades are abundant. In this market it is our pleasure to share that **Red Fort Capital's - Non Bank Finance Company [NBFC]** has received an Investment Grade Rating from **S&P CRISIL** on June 19<sup>th</sup> 2019.

The rating is more than a sliver of hope in the India Financial Institution Turbulence. The key fact is India remains a deep and fast-growing credit market with exiting poor credit penetration while 80%+ of Indians have a bank account now.

The Fundamental of borrowers in India remain strong - as indicated by Red Fort Capital's NBFC's zero NPA's (Non Performing Assets) since inception in 2011. Focus on quality underwriting and sound diligence when coupled with a clear investment philosophy – leverages the dynamic fast growing credit opportunities in India. The recent media coverage has been a combination of excessive related party lending; coupled with poor underwriting.

At Red Fort Capital character and rigor has always been the soul of the business. It is our pleasure to note that the esteemed rating agency has believed that great underwriting, pragmatic focus and diligent execution when coupled with great character - produces fine results.

The media hasn't had a chance to underscore that India has strong fundamental and poor credit penetration. Credit demand is rapidly accelerating and Red Fort



estimates that the credit penetration will 3x in the next decade. Red Fort Capital remains committed to participate in it in a meaningful way with it's fast gowing NBFC and commitment to a multi decade investment thesis.

### Ratings



Rating Rationale  
 June 19, 2019 | Mumbai

**Red Fort Capital Finance Company Private Limited**  
 'CRISIL BBB-/Stable' assigned to bank debt

#### Rating Action

Total Bank Loan Facilities Rated	Rs.50 Crore
Long Term Rating	CRISIL BBB-/Stable (Assigned)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

CRISIL has assigned its 'CRISIL BBB-/Stable' rating to Rs 50 crore of proposed long-term bank loan facility of Red Fort Capital Finance Company Private Limited (Red Fort Capital).

The rating reflects Red Fort Capital's comfortable capitalisation metrics and plans to maintain low leverage levels over the medium term. The experience of the promoter and management team in the real estate lending business has helped them adopt sound underwriting and risk management practices in the loan book so far.

Red Fort Capital is a part of Red Fort Capital group. The group was founded in 2005 and started its operations as a Private Equity fund for investing in real estate in India. The Group has done over 30+ Deals in India and has managed Equity of USD 1.2 billion. While the first deal of the NBFC was completed in 2011, the NBFC only started scaling up its operation from fiscal 2017 onwards and therefore, has limited track record of operations. In the last 8 years, the company has grown its loan book to around Rs 42 crore, which is completely net worth funded. Going forward, the entity plans to lever on its balance sheet in order to support its growth plans, and therefore, the ability to develop a well-diversified resource profile is a key monitorable. Further, given the nascent stages of operations, the concentration risk in the portfolio is high with 3 accounts accounting for the entire loan book. However, Red Fort Capital has put in place strong risk management practices and systems with detailed due diligence, a sufficiently higher collateral cover and strong legal documentations which mitigate this risk to some extent. However, as the loan book is scaled up, ability to enforce discipline on borrowers and the performance of the book would only be seen over the medium term.

The investment Grade Credit Rating this month for Red Fort’s NBFC is a baby step towards building in India and for India - one of the finest Financial Institutions.

We are happy to have you join us in the journey as partners and well-wishers.

We will continue to grow our existing credit categories like Logistics, Assembly Plants, Industrial & Schools, while we add verticals in new categories like retail and venture. Team growth remains paramount and we continue to seek driven and passionate people. We look forward to adding partners, borrowers and lenders – Institutional domestic and international. As always, we remain focused on delivering value and look forward to engaging with you - with your ideas and feedback.

Warm Personal Regards  
 Parry

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