

February 24, 2025

Deutsche Investments India Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	2,200	2,200	[ICRA]A1+; reaffirmed
Total	2,200	2,200	

*Instrument details are provided in Annexure I

Rationale

The rating factors in Deutsche Investments India Private Limited's (DIPL) parentage in the form of Deutsche Bank AG (DBAG; rated A1(stable)/Baa1/P-1 by Moody's Investors Service with baseline credit assessment (BCA) of baa2) holding the entire stake in the company through its subsidiaries – Deutsche Asia Pacific Holdings Pte. Ltd (80.95%) and Deutsche India Holdings Private Limited (19.05%). The company benefits from the shared brand name, operational and management support, and risk oversight from the Deutsche Group (the Group). Given the ownership structure and the shared brand name, ICRA expects DIPL to receive timely support from the Group when required. The rating also considers the company's adequate capitalisation profile (net worth¹ of Rs. 974.5 crore and gearing of 2.1x as on December 31, 2024) and financial flexibility by virtue of its parentage. DIPL serves as the only non-banking lending arm of the Group in India, with the underlying business of extending loan against securities (LAS) to the wealth management clients of the Group.

The company's scale of operations remains modest with assets under management (AUM) of ~Rs. 2,380 crore as on December 31, 2024, along with the relatively high credit concentration, given the wholesale nature of the business. DIPL's profitability indicators remain muted, constrained by the modest scale of operations.

Key rating drivers and their description

Credit strengths

Strong parentage with operational and management support – DIPL benefits from being a part of DBAG and gets operational and management support from the parent. The operational synergies with the parent also enable the company to have risk management systems in line with the Group's global risk management parameters, providing strength to its credit appraisal process. Further, the shared brand name aids DIPL's financial flexibility and ICRA expects support from the parent to be forthcoming as and when required.

Adequate capitalisation levels for current scale of operations – DIPL has adequate capitalisation levels for the current scale of operations, with a net worth of Rs. 974.5 crore and a gearing of 2.1x as on December 31, 2024. With the growth in the AUM, the borrowings are expected to increase. As internal accruals remain limited, ICRA expects DIPL to receive timely capital support from the Group for its growth plans, given its importance to the Deutsche Group, while maintaining prudent capitalisation levels.

Credit challenges

Modest scale of operations; relatively high credit concentration – DIPL's scale of operations remains modest with AUM of ~Rs. 2,380 crore as on December 31, 2024 (Rs. 2,375 crore as on March 31, 2024). The AUM primarily comprises LAS (>90%), which is given to high-net-worth individuals (HNIs), backed by liquid collateral like listed shares and debt/equity mutual funds.

¹ Net worth excluding deferred tax assets

Given its LAS-focused portfolio, DIPL's loan book remains susceptible to volatility in the capital markets. Apart from LAS, the company undertakes lending through structured investments, for which the underlying collateral may not be liquid securities. The share of these investments stood at 3% of the total AUM as of December 2024 (6% as of March 2024). The company is looking to increase its exposure in structured investments in the corporate sector, resulting in increased portfolio vulnerability, though the share of the same in the total AUM is likely to remain limited.

Given the wholesale nature of the loans, DIPL's credit concentration is relatively high, making the portfolio vulnerable to asset-quality-related shocks. As on September 30, 2024, the top 25 advances accounted for 87.8% of the total portfolio and 187.5% of the total net worth (87.3% and 202.2%, respectively, as on March 31, 2024). However, most of the loans are given to HNIs, who have an existing track record with the company, and the loans are secured by liquid collateral in the form of listed shares, mutual funds, bonds, etc.

The profitability was impacted by the increased provisioning on the structured finance investment with the company reporting profit after tax (PAT)/average managed assets (AMA) of 0.8% and 0.4% in FY2022 and FY2023, respectively. However, the profitability improved in FY2024 to 2.7%, supported by the recoveries from one of the non-performing investments. DIPL reported an annualised PAT/ATA of 1.3% in 9M FY2025. Operating expenses remain high due to the limited scale of operations.

On the liabilities side, given the short-term nature of the loans, DIPL's funding is largely concentrated towards commercial paper (CP), which is susceptible to market volatility and could impact the borrowing levels and scale of operations.

Liquidity position: Adequate

The company's liquidity profile remains adequate, with positive cumulative mismatches across all buckets as per the Statement of Structural Liquidity as on December 31, 2024. DIPL had liquid investments and sanctioned but unutilised bank lines of Rs. 824 crore (including the bank lines from DBAG), as on January 31, 2025, against scheduled debt repayments of around Rs. 1,225 crore over the next six months. As it is a part of the Deutsche Group and given the shared brand name, DIPL enjoys good financial flexibility. ICRA expects support from the parent to be forthcoming, if required, to support the company's liquidity profile.

Rating sensitivities

Positive factors – Not applicable

Negative factors – A deterioration in DBAG's credit profile or a decline in the strategic importance of DIPL to DBAG or in the expectation of support from DBAG would be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies
Parent/Group support	Deutsche Bank AG The rating factors in the high likelihood of support from DBAG, driven by reputational and strategic considerations.
Consolidation/Standalone	Standalone

About the company

Deutsche Investments India Private Limited (DIPL) is held by Deutsche Asia Pacific Holdings Pte. Ltd (80.95%) and Deutsche India Holdings Private Limited (19.05%). Both entities are ultimately owned by DBAG. On August 02, 2007, DIPL was registered with the Reserve Bank of India as a non-banking financial company (NBFC).

DIPL primarily provides loan against shares and against debt/equity mutual funds. It also has structured investments in corporates.

Key financial indicators

Deutsche Investments India Private Limited	FY2023	FY2024	9M FY2025
Total income	141.2	249.2	213.7
Profit after tax	9.9	74.0	28.6
Total managed assets	2,530.7	3,002.2	3,084.6
Return on average managed assets	0.4%	2.7%	1.3%*
Reported gearing (times)	1.7	2.1	2.1
Gross stage 3	6.4%	2.0%	0.0%
CRAR	43.0%	40.6%	40.0%

Source: DIPL, ICRA Research; Amount in Rs. crore; All figures and ratios as per ICRA's calculations, *annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Feb 24, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper programme	Short term	2,200	[ICRA]A1+	Feb-09-24	[ICRA]A1+	Feb-10-23	[ICRA]A1+	Feb-11-22	[ICRA]A1+

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details (as on February 13, 2025)

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
INE144H14HB9	Commercial paper	Jul-04-2024	8.17	Feb-17-2025	150	[ICRA]A1+
INE144H14HB9	Commercial paper	Jul-05-2024	8.17	Feb-17-2025	50	[ICRA]A1+
INE144H14HF0	Commercial paper	Dec-12-2024	7.55	Mar-13-2025	200	[ICRA]A1+
INE144H14HF0	Commercial paper	Dec-13-2024	7.55	Mar-13-2025	50	[ICRA]A1+
INE144H14HE3	Commercial paper	Nov-19-2024	8.00	May-30-2025	100	[ICRA]A1+
INE144H14HC7	Commercial paper	Oct-10-2024	8.00	Jun-06-2025	250	[ICRA]A1+
INE144H14HH6	Commercial paper	Dec-26-2024	8.15	Jun-09-2025	50	[ICRA]A1+
INE144H14HD5	Commercial paper	Nov-18-2024	8.00	Jun-13-2025	150	[ICRA]A1+
INE144H14HK0	Commercial paper	Jan-16-2025	8.20	Sep-10-2025	75	[ICRA]A1+
INE144H14HG8	Commercial paper	Dec-23-2024	8.30	Dec-22-2025	150	[ICRA]A1+
INE144H14HI4	Commercial paper	Jan-14-2025	8.40	Jan-13-2026	250	[ICRA]A1+
INE144H14HJ2	Commercial paper	Jan-16-2025	8.40	Jan-15-2026	75	[ICRA]A1+
INE144H14HL8	Commercial paper	Jan-17-2025	8.40	Jan-16-2026	50	[ICRA]A1+
NA	Commercial paper*	NA	NA	7-365 days	600	[ICRA]A1+

Source: DIPL, ICRA Research; * Yet to be placed

Annexure II: List of entities considered for consolidated analysis

Not applicable

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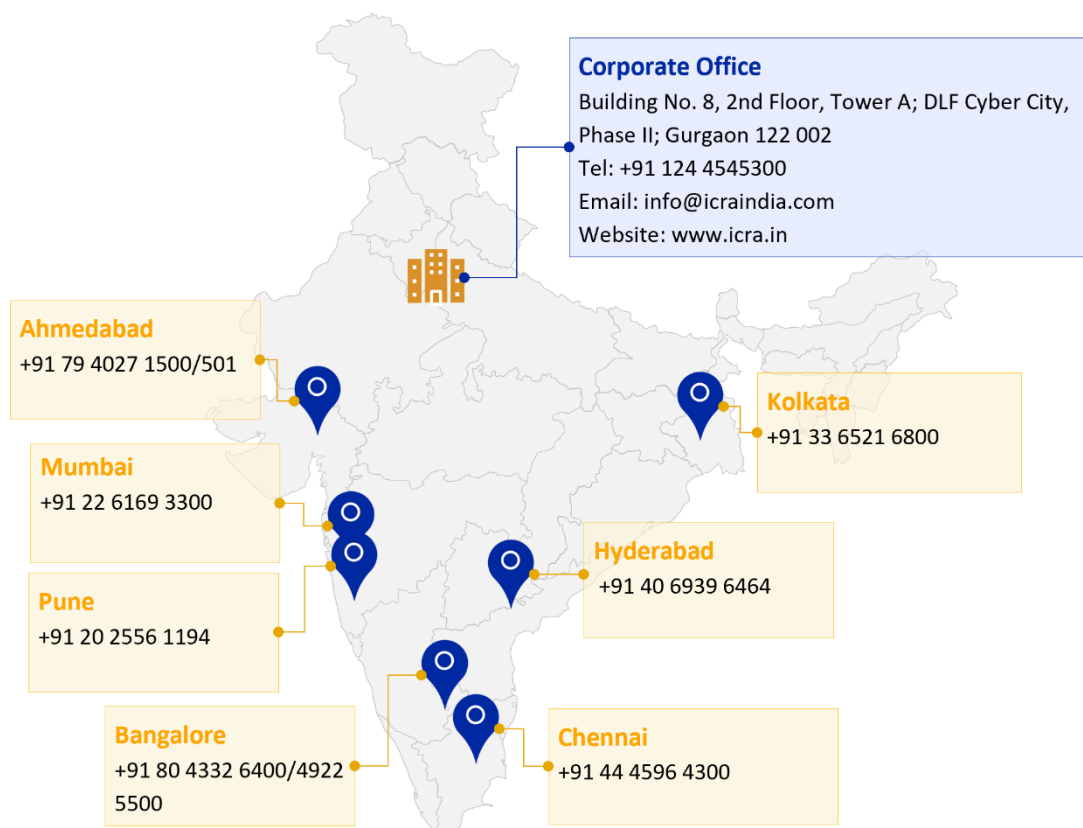


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