FIAFA DIGEST

(Voice of Asset Financiers)

SEP 2026 PUBLISHED BY VOLUME - 7

FEDERATION OF INDIAN ASSET FINANCIERS ASSOCIATIONS

FROM THE DESK OF THE PRESIDENT



DINESH KOTHARI
President - FIAFA

Dear Esteemed Members and Friends of FIAFA,

Samvatsari – The Day of Universal Forgiveness

"To err is human; to forgive is divine."

Samvatsari is the most sacred day of Paryushan Parva, the Jain festival of reflection, repentance and forgiveness. It is a day when we look within, seek forgiveness for our mistakes and resolve to begin afresh with greater compassion and humility.

On this auspicious day, I sincerely seek your pardon for any hurt or wrong caused by me, knowingly or unknowingly, through my thoughts, words or deeds.

May we forgive one another, let go of past grievances and move forward with peace, harmony and goodwill.

It is with immense pride and a deep sense of responsibility that I address you through this edition of the FIAFA Digest—the collective voice of a fraternity that has made a meaningful contribution to India's mobility, enterprise and economic progress. For five decades, FIAFA has served as a trusted national platform, representing the interests, aspirations and achievements of vehicle financiers across the country. Vehicle finance is not merely a financial service, it is a powerful instrument of national development. By enabling individuals, entrepreneurs, transport operators and businesses to acquire commercial vehicles, passenger vehicles, two-wheelers and emerging mobility solutions, our industry sustains livelihoods, generates employment, strengthens connectivity and advances inclusive growth. Every member of our fraternity contributes to this larger national mission. Our sector is now entering a decisive phase of transformation. Regulatory expectations are evolving, technology is redefining customer access and service delivery, competition is intensifying and financiers— particularly smaller and regional players—must respond with agility, discipline and foresight. These developments, however, should not be viewed only as challenges. They also present significant opportunities in a growing economy marked by expanding mobility requirements, infrastructure development and a strong entrepreneurial spirit.

In this changing environment, FIAFA's responsibility is both clear and vital. We remain firmly committed to serving as a united platform for dialogue, knowledge sharing, collaboration and effective representation of the genuine interests of our members before the appropriate authorities. Our collective strength lies in our unity, our willingness to learn from one another and our determination to move forward with confidence and purpose.

Together, we can meet the demands of change, seize the opportunities before us and build a stronger, more resilient and more influential future for the vehicle-financing fraternity. Together, we can meet the demands of change, seize the opportunities before us and build a stronger, more resilient and more influential future for the vehicle- financing fraternity.

A Landmark Year for FIAFA

This year holds a very special place in the history of FIAFA as we proudly celebrate 50 glorious years of the Federation. It gives me immense pleasure to extend a warm and heartfelt invitation to all our members, affiliated associations, friends and well-wishers to join us for the FIAFA Golden Jubilee Celebrations and 29th National Convention, being held on 01 October 2026, Thursday at Hotel ITC Grand Chola, Guindy, Chennai.

The Golden Jubilee is not merely a celebration of an organization completing fifty years. It is a celebration of the

people, relationships, struggles, achievements and collective efforts that have shaped FIAFA over these five decades.

Golden Jubilee Souvenir

On this historic occasion, we are also bringing out a special Golden Jubilee Souvenir, which will capture the journey, achievements and memories of FIAFA and the vehicle-financing fraternity.

We have received an excellent and extremely encouraging response from our affiliated associations and members from across the country. The support extended through advertisements, articles, messages and other contributions has been truly heartening.

What makes this Souvenir particularly special is the enthusiastic participation of our younger generation. A number of articles and contributions have been authored by young members, bringing fresh perspectives, new ideas and a forward-looking vision for our industry.

Preparations for the Golden Jubilee Celebrations and 29th National Convention are progressing in full swing. All our committees are working with tremendous enthusiasm, dedication and commitment to make the occasion truly memorable for each one of you.

Do not miss this unique opportunity to be part of this historic occasion. It will be an opportunity for all of us to come together as one fraternity and celebrate our shared journey.

Let Us Expand the FIAFA Family

I would also like to make a special request to all our affiliated associations and members across the country.

If you are aware of any vehicle financiers in your town, city or neighboring areas who are not presently associated with FIAFA or any affiliated association, please encourage them to come together and form an association, wherever feasible. Together, we can meet the demands of change, seize the opportunities before us and build a stronger, more resilient and more influential future for the vehicle- financing fraternity.

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Looking Towards the Future

As FIAFA completes fifty years, we look ahead with optimism and determination. With unity, adaptability, knowledge sharing and collective action, I am confident that FIAFA will continue to grow and make a greater contribution to the nation. I sincerely thank every member for your continued trust, support and cooperation. FIAFA belongs to all of us and its future rests on our collective commitment. I eagerly look forward to welcoming you all on 01 October 2026 at Hotel ITC Grand Chola, Guindy, Chennai, as we come together to celebrate five remarkable decades of FIAFA.

Let us celebrate our legacy... Let us embrace change... Let us transform together... And let us succeed together.
With warm regards and best wishes,

Dinesh Kothari
President
Federation of Indian Asset Financiers Association (FIAFA)

FEDERATION OF INDIAN ASSET FINANCIERS ASSOCIATIONS

(Formerly known as Federation of Indian Hire Purchase Associations)

29th NATIONAL CONVENTION

GOLDEN JUBILEE CELEBRATIONS

The Role & Responsibilities of Lenders in Nation Building

National Convention of Asset Financiers

(NBFCs and Unincorporation Bodies - Partnership Firms and Individuals)



Every Asset Financed is an Investment in Productivity, Employment and the Nation's Prosperity.

EMPOWERING LIVELIHOODS | DRIVING ENTERPRISE | CREATING EMPLOYMENT | STRENGTHENING ECONOMY | BUILDING INFRASTRUCTURE | BUILDING A STRONGER INDIA | ENABLING MOBILITY AND CONNECTIVITY | BOOSTING AGRICULTURE AND RURAL GROWTH | STRENGTHENING MSMEs AND INDUSTRY | SUPPORTING ENTREPRENEURS AND SELF-EMPLOYMENT | CONTRIBUTING TO NATION BUILDING

Main Sponsor: SHRIRAM Commercial Vehicle Finance

Co Sponsor: MAS FINANCIAL

Associate Sponsor: SUNDARAM FINANCE

IKF FINANCE | YOUDHA | Supported by: MAHAVEER FINANCE | KIWI INSURANCE | LIFESTYLE

Credit Information Companies and the Imperative for Robust Data Practices Among NBFCs



DEVANG CHORDIA
Secretary-General

The Indian financial ecosystem has undergone a profound transformation over the past decade, driven by digitisation, regulatory strengthening, and the increasing importance of data driven decision making. At the heart of this transformation lies the role of Credit Information Companies (CICs), institutions that aggregate, validate, and disseminate credit data to lenders, thereby enabling informed credit decisions and fostering financial discipline.

For Non Banking Financial Companies (NBFCs), which serve as the backbone of last mile credit delivery, especially in the MSME, transport, and small borrower segments, effective engagement with CICs is not merely a regulatory requirement but a strategic necessity.

The Importance of Uploading Accurate and Timely Data

CICs derive their value from the completeness and accuracy of the data they receive. For NBFCs, uploading borrower information regularly and correctly ensures:

Improved credit risk assessment across the ecosystem When NBFCs upload data promptly, the credit history of borrowers becomes more complete, enabling all lenders to assess risk more accurately. This reduces instances of over leveraging and protects NBFCs from lending to already stressed customers.

Enhanced portfolio quality Accurate reporting helps NBFCs identify early warning signals, such as rising delinquencies or multiple recent enquiries by a borrower. This allows timely intervention and better collection strategies.

Regulatory compliance and credibility The Reserve Bank of India mandates periodic submission of credit data. Consistent compliance strengthens the NBFC's reputation and reduces supervisory concerns.

Contribution to a healthier credit culture When borrowers understand that their repayment behaviour directly influences their credit score, they are more likely to maintain discipline, benefiting lenders and the broader financial system.

Checking Credit Scores Before Disbursal: A Non-Negotiable Step

In an era where credit is increasingly accessible, pre disbursal credit score checks have become indispensable for NBFCs. A credit score is not merely a number, it is a behavioural indicator reflecting repayment history, credit utilisation, and financial discipline.

Conducting score checks before sanctioning loans helps NBFCs:

Avoid high risk borrowers with poor repayment records

Detect fraud patterns, including multiple simultaneous loan applications

Assess borrower stability, especially in unsecured or small ticket lending

Price loans more effectively, aligning interest rates with risk profiles

Reduce NPAs, thereby strengthening financial health and investor confidence

For NBFCs operating in competitive markets, integrating CIC score checks into underwriting workflows is essential for sustainable growth.

The Need for Uniformity in Data Submission

Despite the clear benefits, NBFCs often face challenges in data submission due to variations in formats, reporting structures, and technological capabilities. This lack of uniformity leads to:

Data mismatches and rejections by CICs
Incomplete borrower profiles, affecting credit decisions
Operational inefficiencies, requiring repeated submissions
Inconsistent credit histories, which distort risk assessment

To address these issues, the industry must move towards standardised data templates, harmonised reporting fields, and uniform definitions of key parameters such as DPD (Days Past Due), write offs, settlements and restructuring. A unified reporting framework will not only reduce operational friction but also enhance the reliability of CIC databases, benefiting all lenders.

Challenges Faced by NBFCs in Data Submission

NBFCs, particularly small and medium sized ones encounter several practical difficulties in meeting CIC requirements:

Legacy IT systems that are not fully compatible with CIC formats
Limited technical manpower to manage data extraction, validation, and uploads
High cost of system upgrades, especially for regional NBFCs
Frequent changes in CIC reporting specifications
Difficulty in reconciling historical data, leading to inconsistencies

These challenges often result in delayed uploads, errors in reporting, and compliance gaps.

Overcoming the Difficulties: A Way Forward

To strengthen NBFCs CIC integration, the following measures are essential:
Adoption of modern Loan Management Systems (LMS) with automated CIC ready data formats
Capacity building within NBFCs, including training on data hygiene and reporting standards
Industry wide collaboration, led by federations such as FIAFA, to engage with CICs and regulators for simplified and uniform reporting structures
Periodic data audits to ensure accuracy and reduce discrepancies
Regulatory support for smaller NBFCs to upgrade digital infrastructure through incentives or shared technology platforms

Conclusion

By embracing these measures, NBFCs can significantly improve their data quality, reduce operational burdens, and enhance their credit underwriting capabilities. Credit Information Companies play a pivotal role in strengthening India's credit ecosystem. For NBFCs, which serve millions of borrowers across diverse sectors, robust engagement with CICs is essential for responsible lending, risk mitigation, and long-term sustainability. Uniformity in data submission, disciplined score checks before disbursal, and overcoming technological and operational challenges will collectively ensure that NBFCs continue to deliver reliable, inclusive, and efficient credit to the nation's last mile borrowers.

Devang Chordia
Fullest Finance Ltd



Sno	Name of Hotel	Address	Address Link	Contact No	Distance to Convention	Approximate Price
1	ITC grand chola	63, Mount Rd, Little Mount, Guindy, Chennai, Tamil Nadu 600032	https://maps.app.goo.gl/K8EzMK7W1gcyfCJK8	4422200000	-	₹20,000 +
2	Park Hyatt	39, Velachery Main Rd, near Raj Bhavan, Little Mount, Guindy, Chennai, Tamil Nadu 600032	https://maps.app.goo.gl/3ccgTn1CQCUC5koo8	4461771234	0.85 Km	₹12,000 - ₹13,000
3	Hablis	19, Grand Southern Trunk Rd, Ramapuram, Guindy, Chennai, Tamil Nadu 600032	https://maps.app.goo.gl/QsXQqzsfjkHVcvop8	4440235555	1.7 km	₹13,000 - ₹15,000
4	Le Royal Méridien	1, Grand Southern Trunk Rd, Ramapuram, Alandur, St.Thomas Mount, Chennai, Tamil Nadu 600016	https://maps.app.goo.gl/nv1WqrJz21vRuQrd7	4443534545	2 Km	₹9,000 - ₹10,000
5	Ramada plaza	36, Sardar Patel Rd, Little Mount, Guindy, Chennai, Tamil Nadu 600032	https://maps.app.goo.gl/6M9vgqUqeAtJa72Dz6	4445653333	2.4 Km	₹14,000 - ₹15,000
6	Bloom Hub Guindy	30, Anna Salai, near Hinduja Housing Finance, Guindy, Saidapet, Chennai, Tamil Nadu 600015	https://maps.app.goo.gl/e6cPDajY6f8UYAJA	8925856810	2.4 Km	₹11,000 - ₹13,000
7	Hilton Chennai	124, 1, Jawaharlal Nehru Salai, Poomagal Nagar, Guindy, Chennai, Tamil Nadu 600032	https://maps.app.goo.gl/RrGmxRyLQuNSzyKA8	4430855555	3.2 Km	₹13,000 - ₹15,000
8	Radission Airport	531, Grand Southern Trunk Rd, Parangi Malai, Palavanthangal, Chennai, Tamil Nadu 600016	https://maps.app.goo.gl/2N8RLRJD4zKtk3oD8	8062210101	4.5 Km	₹12,000 - ₹13,000



Convention Chairman's Message



AJAY KUMAR NAHAR
Convention Chairman

It gives me immense pleasure to invite you all to the *29th National Convention of the Federation of Indian Asset Financier's Association (FIAFA)*, which shall be held on 1st October, 2026 (Thursday) at ITC Grand Chola, Chennai.

This year's Convention is particularly special as *FIAFA celebrates its Golden Jubilee*—50 years of representing, connecting and strengthening the Asset Finance Industry. It is therefore not merely another convention, but a milestone celebration that we would be delighted to share with the entire industry.

We have curated an engaging programme featuring *some of the finest speakers and thought leaders from the Asset Finance Industry, along with insightful discussions on emerging and trending subjects, including **Artificial Intelligence (AI)* and its growing impact on businesses and the financial services ecosystem.

I sincerely request all our members, industry colleagues and friends to *kindly register and make it a point to attend the Convention*. Your presence will make this landmark occasion even more memorable.

Let us come together to celebrate 50 years of FIAFA, exchange ideas, embrace the future and strengthen the bonds that unite our industry.

I look forward to welcoming you all at **the 29th National Convention of FIAFA**

With Warm Regards,

Ajay Kumar Nahar
Chairman - 29th National Convention of FIAFA

Golden Jubilee Celebration 1972-2022

ASSET FINANCE INDUSTRY UPDATES

INDIA'S DIVERSIFIED GROWTH PHASE



Vehicle Finance Enters a Diversified Growth Phase

India's vehicle-finance market continues to expand, with auto-loan outstanding reaching approximately ₹9.9 lakh crore by June 2026, compared with ₹4.4 lakh crore in June 2021.

Used-car financing has been a particularly strong growth segment, reaching around ₹1.3 lakh crore, with a five-year CAGR of approximately 26.2%.

While the opportunity is significant, used-vehicle financing also carries higher early-stage repayment stress. Financiers therefore need stronger underwriting, vehicle valuation and collection mechanisms.

Action Point: Growth in used-vehicle finance should be accompanied by tighter LTV discipline, customer-leverage assessment and early-warning systems.

Commercial Vehicle Financing Remains a Key Opportunity

Commercial-vehicle loans recorded approximately 20% CAGR over the five years to June 2026, reaching around ₹7.4 lakh crore.

Growth continues to be supported by logistics, e-commerce, infrastructure development and fleet-replacement demand.

However, CV portfolios remain sensitive to freight rates, fuel costs, vehicle utilisation and operator cash flows.

Industry Focus: Greater use of cash-flow and vehicle-utilisation analytics can improve credit decisions.

Passenger Vehicle Market Supports Financing Growth

Passenger-vehicle sales reached approximately 1.27 million units in Q1 FY2026-27, the highest-ever Q1 level. Utility vehicles accounted for nearly 68% of sales.

The continuing shift towards SUVs and premium vehicles is creating opportunities for higher-ticket financing and dealer-linked lending.

Opportunity: Financiers can leverage the premiumisation trend while maintaining appropriate customer affordability and LTV controls.

Hyundai Capital Begins Financial Operations in India

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Opportunity: Financiers can leverage the premiumisation trend while maintaining appropriate customer affordability and LTV controls.

Industry Impact: Independent asset financiers will need to compete through faster turn-around, customer service, local expertise and efficient underwriting rather than pricing alone.

NBFC & VEHICLE FINANCING UPDATES

Auto NBFCs Record Strong Disbursement Growth

Auto-finance NBFCs recorded approximately 20.7% year-on-year growth in disbursements during Q1 FY2026-27, reflecting continued demand for vehicle credit.

The focus, however, remains on balancing loan growth with asset quality, funding costs and credit losses.

Action Point: Risk-adjusted return should remain the key measure of portfolio expansion.

RBI Continues to Strengthen the NBFC Framework

The RBI (NBFC – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026 came into effect from 1 July 2026.

The amendments include provisions relating to the classification of certain unregistered NBFCs, reinforcing the need for entities to periodically assess their regulatory status and business activities.

Action Point: NBFCs should review their regulatory classification, public-fund exposure and compliance framework against their current business model.

Digital Lending Remains a Regulatory Priority

Digital lending continues to expand across financial services, while RBI requirements place increasing emphasis on customer protection, disclosures, technology controls and governance.

For vehicle financiers, digital onboarding, automated underwriting, fraud detection and digital collections offer significant efficiency opportunities.

Industry Focus: AI and data analytics can increasingly be deployed to improve credit assessment and collections while maintaining appropriate governance.

Revolving Credit Framework Under Industry Discussion

The NBFC industry continues to engage with the RBI regarding proposed restrictions relating to revolving credit products. The issue is particularly relevant for flexible credit facilities used by MSMEs and other borrowers.

Action Point: NBFCs offering flexible or revolving structures should review their product design and documentation in anticipation of the final regulatory framework.

Securitisation Gains Importance

NBFC originations continue to support strong securitisation activity, providing lenders with an important source of liquidity and balance-sheet optimisation.

Securitisation can help diversify funding, improve capital efficiency and provide access to institutional investors.

Industry Focus: Portfolio quality, servicing standards and asset-liability management remain critical to sustainable securitisation programmes.

Co-Lending Offers Continued Potential

Co-lending enables banks and NBFCs to combine funding capability with specialised origination and distribution strengths.

For vehicle finance, it can provide access to new customer segments and geographies while improving funding efficiency.

Key Success Factors: Strong underwriting alignment, data sharing, servicing arrangements and clearly defined responsibilities.



GENERAL MARKET & REGULATORY UPDATES

NBFC Capital Raising Remains Important

Recent capital-raising activity by large NBFCs highlights the continuing importance of maintaining adequate capital to support loan-book expansion.

For asset financiers, diversification across bank funding, capital markets, securitisation, co-lending and equity remains strategically important.

Action Point: Growth plans should be supported by a clearly defined 12–24 month funding strategy.

NBFC Market Sentiment Improves

Market sentiment towards several NBFCs has improved amid expectations of stronger loan growth and earnings recovery.

Investors continue to focus on:

- Loan growth
- Net interest margins
- Cost of funds
- Credit costs
- Asset quality
- Return on equity
- Capital adequacy

Industry Takeaway: Sustainable, profitable growth is increasingly valued over aggressive AUM expansion.

RBI's Scale-Based Regulation Gains Importance

The RBI continues to refine its scale-based regulatory framework for larger NBFCs, with greater regulatory expectations for entities of systemic importance.

As NBFCs grow, governance, risk management, capital planning and compliance will become increasingly important competitive differentiators.

Interest Rates and Funding Costs

The interest-rate environment continues to influence NBFC margins.

Financiers need to closely monitor the relationship between loan repricing and borrowing costs, particularly where assets and liabilities have different maturity or repricing profiles.

Action Point: AUM growth should always be assessed alongside funding costs, credit losses

AI: THE NEXT FRONTIER FOR ASSET FINANCE



Artificial Intelligence is moving from experimentation towards practical applications across asset finance.

Origination: Digital documentation, customer profiling and fraud detection.

Credit: Predictive scoring, cash-flow analysis and early-warning signals.

Collections: Customer segmentation, payment prediction and collection prioritisation.

Operations: Reconciliation, exception management and MIS automation.

Industry View: The objective should not simply be to "use AI", but to deploy it in processes where it can demonstrably improve speed, accuracy, risk management and operating efficiency.

FIAFA'S VIEW — KEY PRIORITIES

The Indian asset-finance industry continues to present strong growth opportunities, supported by vehicle demand, formalisation of credit and increasing technology adoption.

However, the competitive environment is becoming more sophisticated with banks, NBFCs, captive financiers and fintech platforms competing across the same ecosystem.

Five priorities for asset financiers:

1. Grow selectively — Focus on risk-adjusted returns.

2. Strengthen used-vehicle underwriting — Balance rapid growth with credit discipline.

3. Diversify funding — Build multiple reliable sources of liquidity.

4. Stay ahead of regulation — Strengthen governance and compliance.

5. Embrace AI and data — Use technology to improve decisions, collections and customer experience.

Closing Thought

The next phase of asset-finance growth will not be determined simply by who lends the most, but by who can price risk accurately, access funds efficiently, serve customers faster and maintain asset quality while scaling.

Investing in 2026:

Balancing Growth, Gold, Liquidity & Global Opportunities

Mid & Small Caps | Gold | Liquid Funds | International Markets | SIF



C.A VIPUL MEHTA
Editor- FIAFA Digest

The investment landscape is changing rapidly.
Indian investors today have access to a much wider range of opportunities than a decade ago—from domestic mid- and small-cap funds to gold ETFs, international funds, US equities through GIFT City and the newly emerging Specialised Investment Fund (SIF) structure.

The key question is no longer simply “Where will I get the highest return?” It is increasingly about how much risk am I taking to earn that return, and what role does each investment play in my portfolio?
Mid & Small Caps: Higher Growth, Higher Volatility
Mid- and small-cap stocks have become important wealth-creation segments of the Indian equity market.

Over the decade to 2026, the Nifty Midcap 150 TRI delivered approximately 18.6% annualised, while the Nifty Smallcap 250 TRI delivered around 15.7%.
A ₹10 lakh investment compounding at these rates for 10 years would become approximately:

Mid & Small Caps | Gold | Liquid Funds | International Markets | SIF
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Investment	CAGR	Value after 10 yeasrs*
Midcap 150	18.6%	₹54.4 lakh
Smallcap 250	15.7%	₹43.1 lakh
Large-cap benchmark	12.13%	₹31.34 lakh

Illustrative compounding; actual returns vary by investment date.

Mid-caps have historically offered an attractive balance between growth and risk. They are generally more established than small companies while retaining meaningful earnings-growth potential.
However, volatility remains significant. The Nifty Midcap 150 has had a beta of around 1.08 versus the Nifty 50, with one-year volatility of approximately 16.3%. NSE research has also found that the Midcap 150 outperformed the Nifty 100 in 96.3% of rolling 10-year periods, with average annual outperformance of about 2.5 percentage points.

Small caps can offer greater upside, but with correspondingly higher risk.

The lesson:

Mid-cap core growth allocation
Small-cap higher-risk satellite allocation
Both require a 7–10 year investment horizon and the ability to withstand meaningful corrections.

Gold: The Portfolio's Insurance

Gold has once again demonstrated its role in a diversified portfolio. Global gold prices have delivered approximately 13.6% annualised returns over the last decade, although with considerable volatility.
Unlike equities, gold does not generate earnings. Its value lies in being a store of value and portfolio diversifier, particularly during geopolitical uncertainty, inflation concerns, currency weakness and financial stress.
Gold should therefore be viewed less as a return-chasing asset and more as a risk-management asset.

Gold should complement equities—not replace them.

Gold ETFs and other regulated market-linked options can offer a convenient way to obtain this exposure

Liquid Funds: Don't Let Cash Sit Idle

Liquidity is one of the most underestimated components of a portfolio.
The right avenue depends on when the money will be required:

Requirement	Possible avenue
Immediate liquidity	Savings / sweep FD
Few weeks to a few months	Overnight / Liquid Funds
3–12 months	Liquid / Money Market / Ultra Short Duration Funds
1–3 years	High-quality short-duration debt
Waiting to deploy into equities	Liquid / Overnight Funds

The objective of a liquid allocation is not to maximise returns. It is to preserve capital, maintain liquidity and keep money ready for deployment.
When markets correct sharply, having liquidity allows investors to deploy capital while others may be forced to sell.
Liquidity is not an idle asset. It is an option.

Going Global: International Funds & US Markets

Indian investors are increasingly looking beyond India for diversification and access to sectors such as technology, AI, semiconductors, healthcare and global consumer businesses.

International mutual funds and ETFs provide exposure to broad markets such as the S&P 500 and Nasdaq 100 without requiring investors to select individual stocks.

US Stocks Through GIFT City

Access to international markets is also becoming easier through GIFT City / IFSC. Platforms such as India INX Global Access provide access to 80+ international exchanges, including the US, while NSE IFSC has developed mechanisms for accessing US stocks.

GIFT-based investment products can also provide exposure to global indices, making international diversification increasingly accessible.

For Indian investors, international allocation can provide:

Diversification + access to global businesses + currency diversification
However, investors must consider currency movements, valuations, taxation and geopolitical risks. The objective should be global diversification—not simply buying recent winners.

SIF: The New Layer Between Mutual Funds & PMS

Specialised Investment Funds (SIFs) represent another emerging category for sophisticated investors. With a generally ₹10 lakh minimum investment, SIFs offer greater flexibility than conventional mutual funds while remaining within a regulated framework. Strategies may include specialised and long-short approaches.

This creates an interesting progression:

Mutual Funds SIF PMS/AIF
SIFs could serve as a satellite allocation for investors seeking differentiated strategies and potential manager-driven alpha.
However, SIFs should be evaluated on strategy, risk controls, drawdowns and manager capability—not merely recent returns.

Building the Portfolio: Give Every Asset a Job

A modern portfolio can broadly assign roles as follows:

Portfolio component	Primary role
Large-cap / diversified equity	Core compounding
Mid-cap	Growth
Small-cap	Higher-growth satellite
International equity	Global diversification
Gold	Diversification / hedge
Liquid & short-term debt	Stability & liquidity
SIF / specialised strategies	Potential alpha

The right allocation depends on age, objectives, existing wealth, cash-flow requirements and risk tolerance.

The Most Important Investment Lesson:-

The best portfolio is not necessarily the one containing the highest-returning asset. It is the one where each asset has a purpose.

Mid- and small-caps can drive growth. Gold can provide diversification. International investments can open access to global opportunities. Liquid funds provide the flexibility to act when opportunities arise. SIFs may add specialised strategies.

The future of investing is unlikely to be about finding one winning asset class. It will be about building a portfolio that can participate in growth, withstand volatility, preserve liquidity and capture opportunities across markets.

Diversification is not about owning more products. It is about owning assets that behave differently when the future does not go according to plan.

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