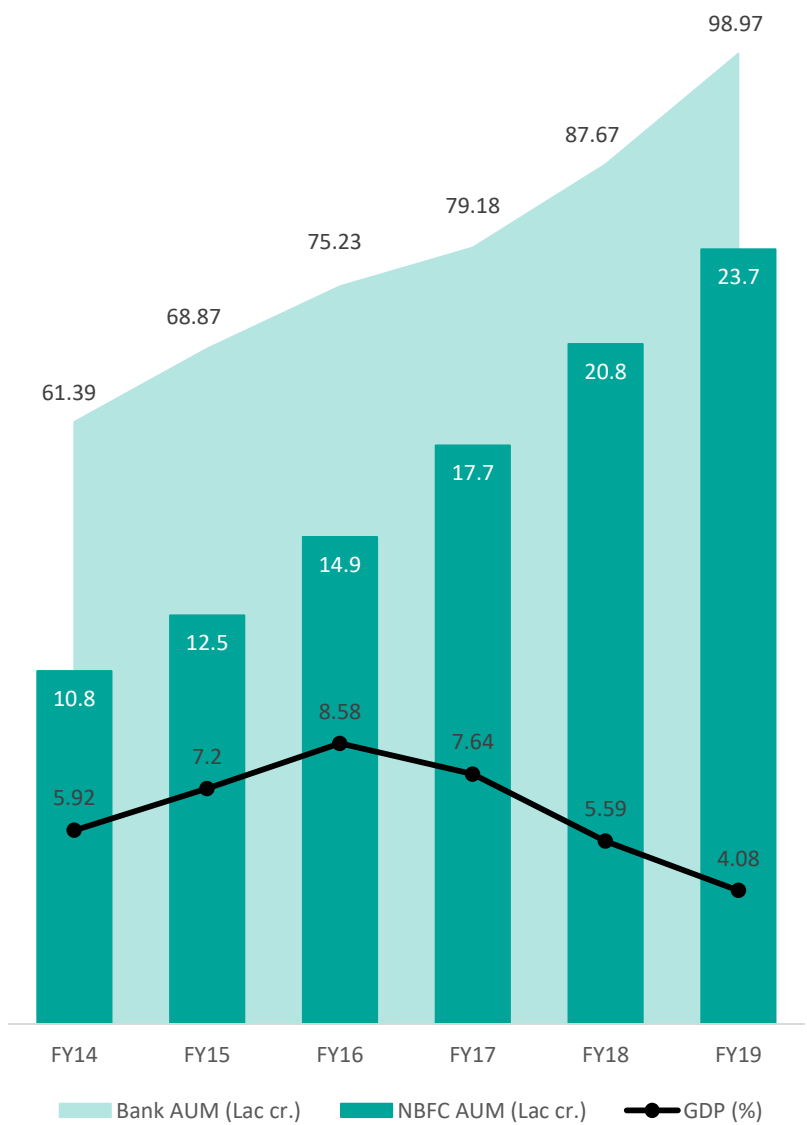




**Nimble Brave Focused Companies
Road ahead for Survivors!**

NBFCs contribution - Growth of Indian Economy



Source: CRISIL, RBI

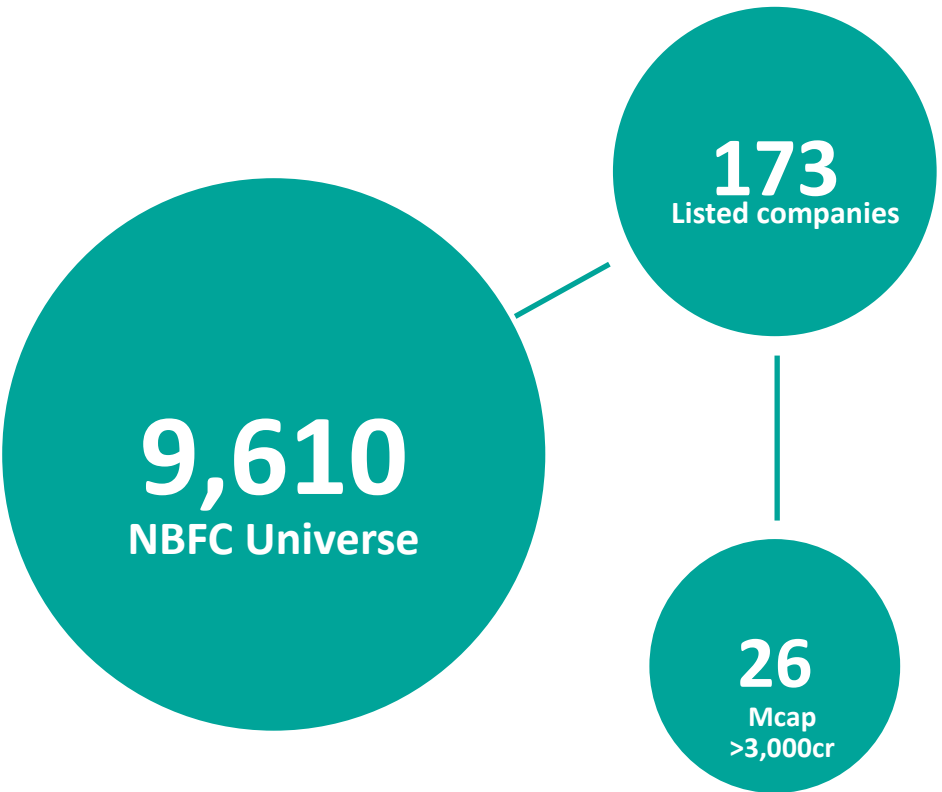
Niche sectors under penetrated by banks



NBFCs - Competitive Edge

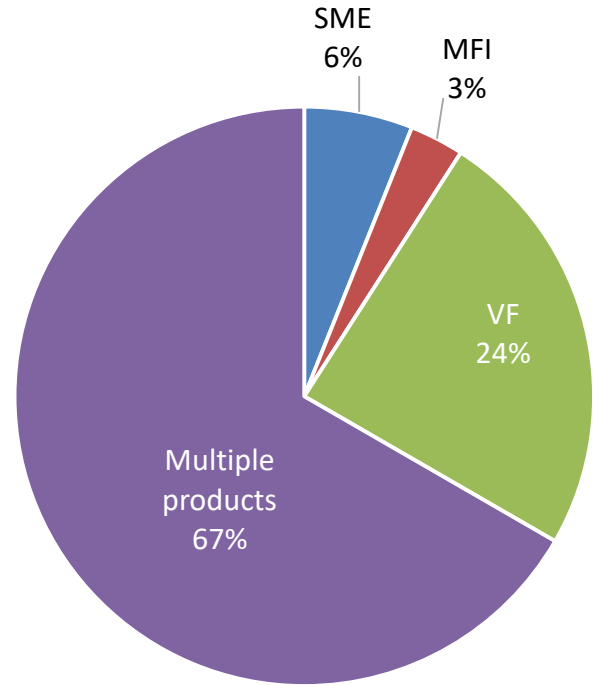
- Quick disbursal
- Competitive Interest Rates
- Last mile credit delivery
- Innovative product customization

No. of NBFC's registered with RBI



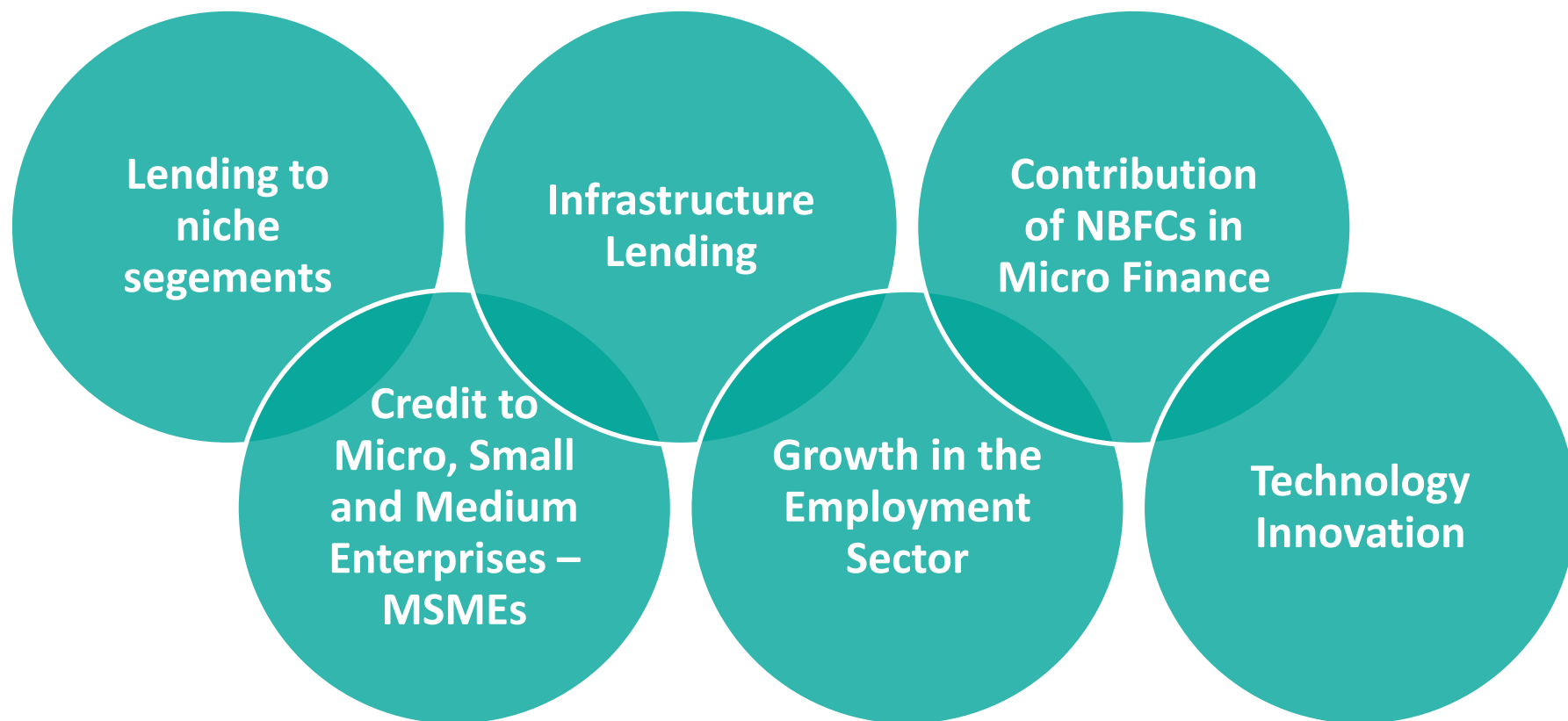
Source: RBI, Ace Equity

Q1FY20 - Segment mix

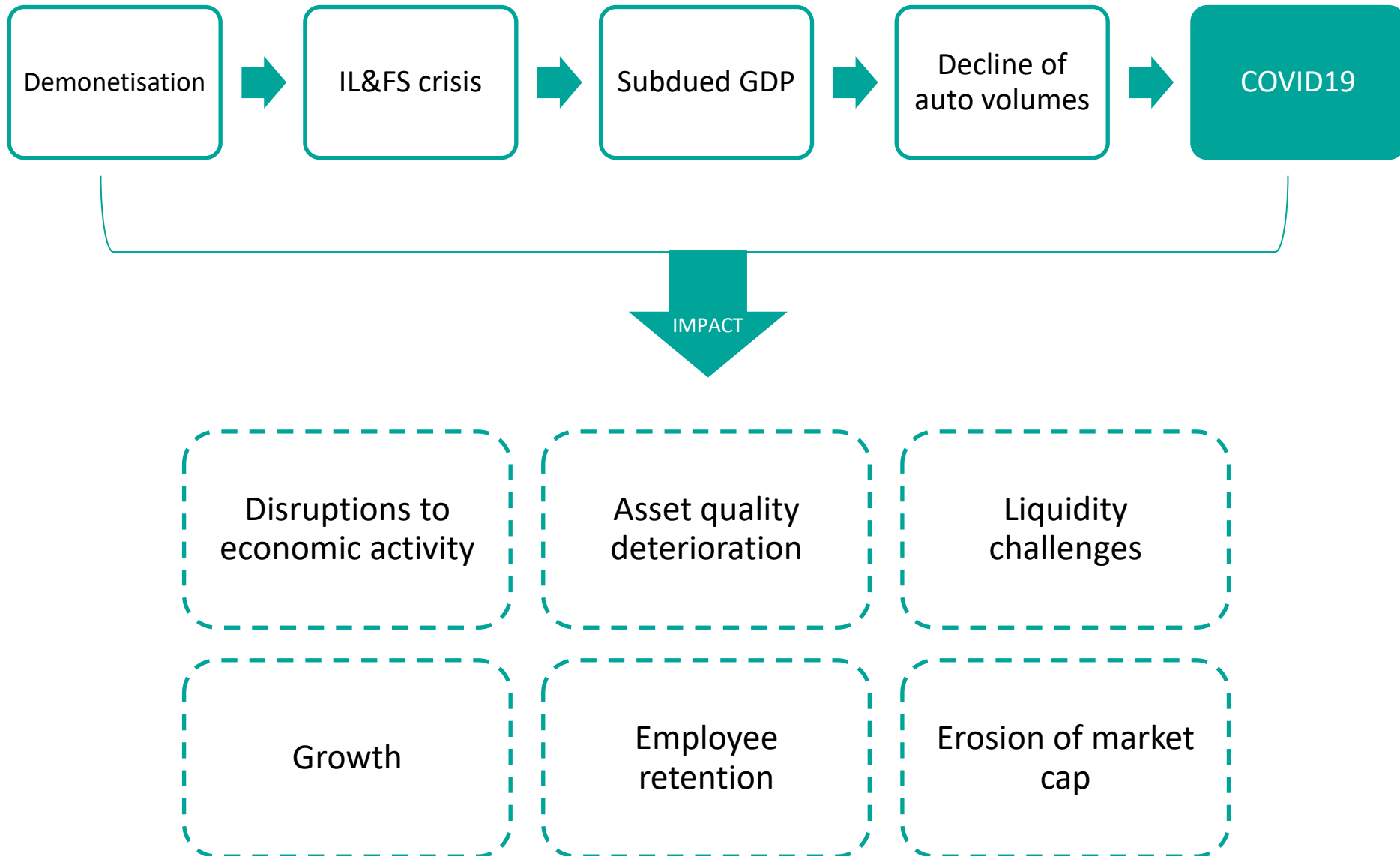


■ SME ■ MFI ■ VF ■ Multiple products

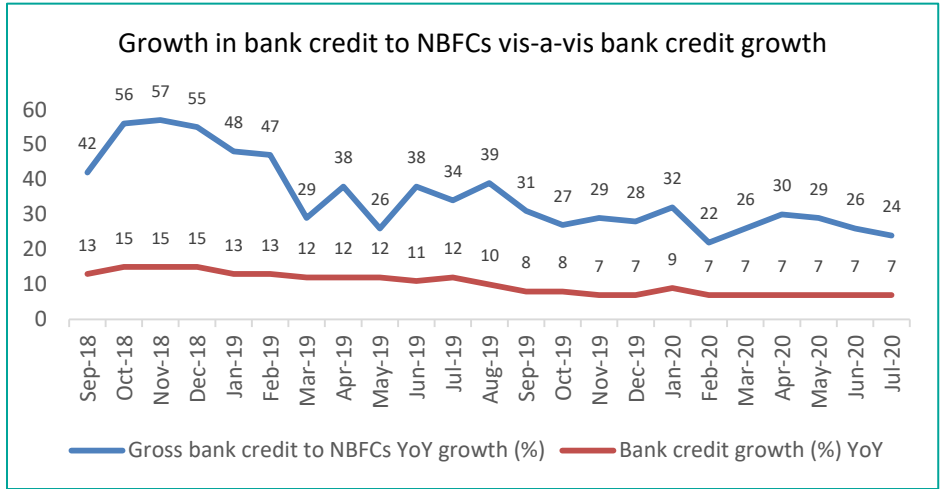
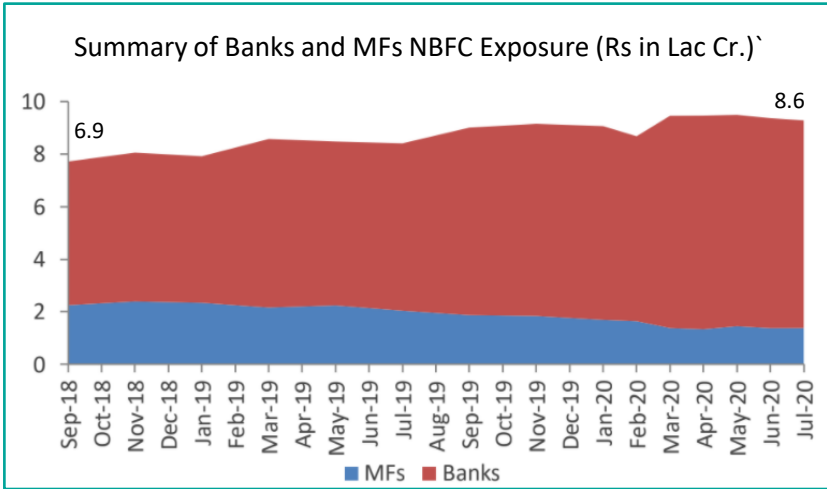
Source: Public Information, MCA Data



NBFCs – Multiple Challenges

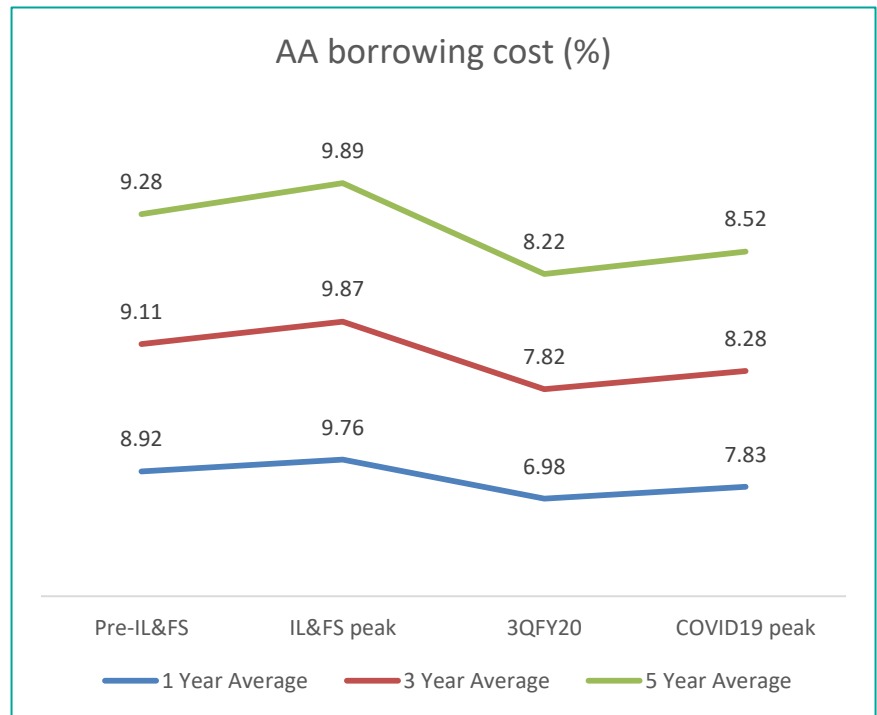
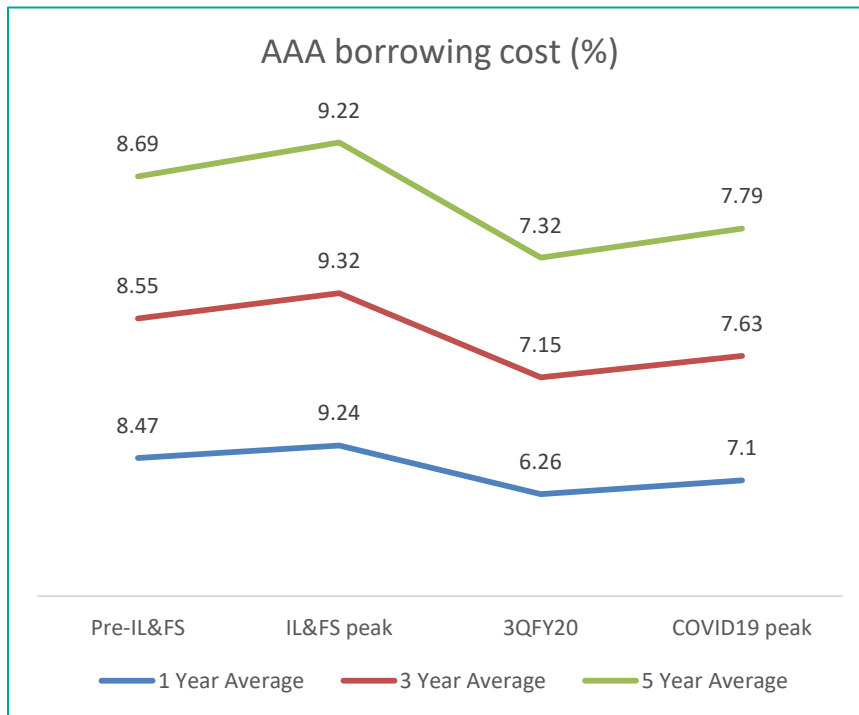


NBFCs – Borrowing Mix



Source: Care Ratings - Trend in Exposure of MFs and Banks to NBFCs September 09, 2020

- Shift of NBFCs borrowings from capital market instruments to banks post Sept'18
- NBFC borrowings from MFs continues to decline
- The overall composition of NBFCs in bank credit increased from 6.9% in Sept'18 to 8.6% in Jul'20



Source: Bloomberg

The unexpected default by a leading infrastructure financing company, led to:

- Increased tightness in the availability of funds
- Spike in credit risk premiums
- Triggered panic in the debt markets
- Sudden loss of appetite for funding the sectors

COVID19 – Creating uncertainties

March, 2020

June, 2020

August, 2020

Lockdown

Moratorium I

Moratorium II

Unlocking

No economic activity except for essential services

Beginning of unlocking in few states

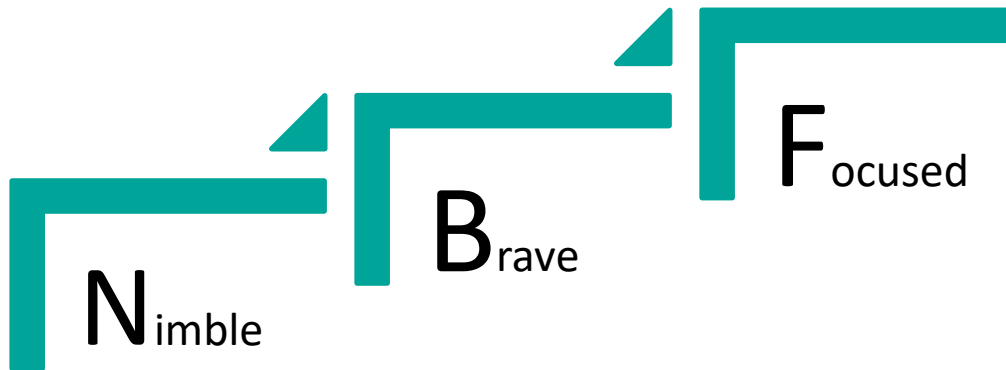
% Opted for Moratorium

New Disbursements (Rs. Cr.)

Average collections (%)



- Collections have gradually picked up across segments
- The government announced various schemes to channel liquidity in the sector such as LTRO, Partial Credit Guarantee Scheme (PCG) and Refinancing Scheme



Strong **Parentage** will lead to a greater advantage and easy access to funding



Companies with the following:

- **Strong Balance sheet**
- **High Capital Adequacy**
- **Prudent ALM**

....will be in a better position



Companies with a high proportion of wholesale portfolio in their overall book might see challenges mounting further

Indostar Capital - Overview

INDOSTAR

Commercial
Vehicle AUM
4,520cr



Affordable
Housing
AUM 831cr



SME
Finance
AUM
1,748cr

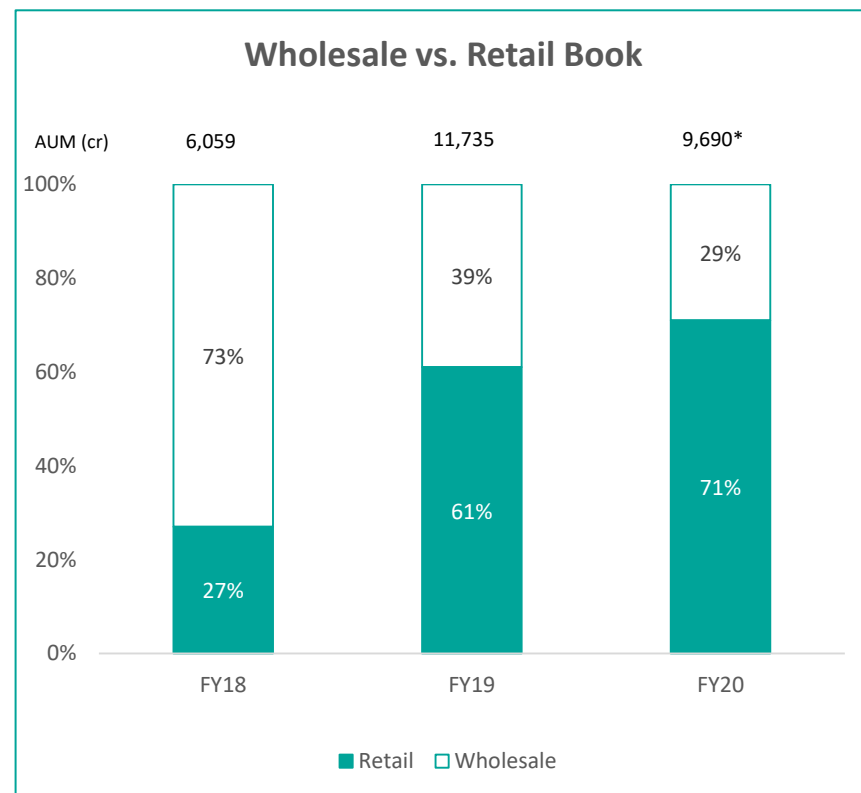


Corporate
AUM
2,868cr



Total AUM
9,690cr*

- IndoStar's focus has been on the retail book
- Retail book grew 4.4 times since FY18
 - Vehicle Finance AUM grew 35x from 129cr in FY18 to 4,519cr in FY20
 - Housing Finance AUM grew by 16x since FY18 to 831cr
 - SME finance AUM grew 1.2x to 1,748cr since FY18
- Current retail book at 71% of total AUM
- Reduced wholesale book to ~50% within last 2 years and working to further reduce wholesale exposure, significantly



*Net of Covid related provisions
AUM in INR

IndoStar now has all the essential ingredients to rapidly grow its loan book in the future

- Capital: We now have substantial growth capital, which we will utilize to pursue calibrated growth
- Infrastructure: Our current infrastructure can comfortably support disbursements in line with our pre crisis retail disbursements of Rs 930cr per quarter and higher
- Market Demand: We are well poised to capitalize on the large near-term growth opportunity provided by ongoing consolidation, further accelerated by the current pandemic
 - Though we expect to be cautious over the immediate near-term, we are confident of significantly increasing our retail AUMs over next 18-24 months
- Multiple Growth Levers:
 - Large market opportunity to lend to both existing and new customers across all our three retail Segments - Vehicle Finance, SME Finance and Affordable Housing Finance
 - Will continue to scale all three retail segments both through organic growth and opportunistic tuck-in M&A



Thank you