

INDOSTAR CAPITAL FINANCE LIMITED

Q2FY23 Results Update

8 November 2022

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Figures for the previous periods have been regrouped and / or reclassified wherever considered necessary to conform to current period / year presentation.

- Steady performance over last 2 quarters. Continued Profitability, Robust collections, lower credit cost provisions in the quarter resulting in consolidated PAT of INR 52 crore
- On consolidated basis, raised incremental funding of INR 2,527 crore during H1 FY23, strengthened ALM profile and liquidity. Cash and cash equivalents @ 30 Sep 22 are INR 834 crore.
- Considering improved ALM profile and liquidity, Auditors have removed comment on Going Concern Risk
- Strong Capital Adequacy at 34.1%*, up 510 bps from Q1 FY23; Debt : Equity @ 1.8x, one of the lowest in the industry
- Continued strong performance at IndoStar Home Finance, AUM @ INR 1,489 crore (+34% vs Q2 FY22), PAT @ INR 13.4 crore
- Gross Stage Assets 3 [GNPA] and Net Stage Assets 3 [NNPA] at 7.1% and 2.9% respectively @ 30 Sep 22
- With improved liquidity, continued support from our promoters and favorable tailwinds in CV and Affordable housing segments, we are well poised for growth

* Standalone

- Summary Financials
- Collections and Asset Quality
- Liquidity and Funding
- Retailisation on track

Q2 FY23 & H2 FY23: Consolidated Profit & Loss Statement

Particulars (₹ crore)	Q2FY23	Q1FY23	Q4FY22	H1 FY23	H1 FY22
Revenue from operations	295	314	341	609	545
Interest expenses	146	147	138	293	274
Net revenue from operations	149	167	203	316	271
People costs	58	55	43	113	102
Operating expenses	55	48	44	103	86
Total operating expenses	113	103	86	216	188
Pre-provision operating profit	36	64	117	100	83
ECL Provision	(52)	(458)	550	(510)	(6)
Write offs	32	456	487	487	85
Credit costs	(20)	(2)	1,036	(22)	79
Profit before tax	56	66	(920)	123	4
Tax	5	5	(166)	10	1
Profit after tax	52	61	(754)	113	3

Consolidated Balance Sheet

Particulars (₹ crore)	Sep-22	Jun-22	Mar-22	Sep-21
Equity	3,050	2,995	2,929	3,678
Borrowings	5,604	5,869	6,223	5,733
Other liabilities	341	456	509	404
Total liabilities	8,995	9,320	9,661	9,815
Loan assets	6,406	6,654	7,707	7,167
Treasury assets	1,393	1,445	1,037	1,831
Fixed assets & goodwill	374	380	386	372
Other assets	822	841	531	445
Total assets	8,995	9,320	9,661	9,815

Q2 FY23: Business Segment Performance

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated ^
Revenue from operations	142	39	57	46	295
Interest expenses	57	24	16	23	146
Net interest income	85	14	41	23	149
People costs	31	4	13	1	58
Operating expenses	33	2	8	0	55
Total operating expenses	64	6	22	2	113
Pre-provision operating profit	21	8	20	21	36
ECL Provision	(65)	-	(5)	18	(52)
Write offs	19	6	7	-	32
Credit costs	(46)	6	2	18	(20)
Profit before tax	67	2	18	3	56

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated *
Loan assets (net of ECL)	2,872	1,182	1,185	1,147	6,406

^ Consolidated P&L includes treasury income, common corporate costs which are unallocated between segments

H1 FY23: Business Segment Performance

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [^]
Revenue from operations	289	98	113	90	609
Interest expenses	118	49	31	47	293
Net interest income	171	49	81	43	316
People costs	62	8	22	2	113
Operating expenses	56	4	17	1	103
Total operating expenses	118	12	39	3	216
Pre-provision operating profit	53	37	42	40	100
ECL Provision	(500)	(5)	(4)	(1)	(510)
Write offs	476	4	7	1	488
Credit costs	(24)	(1)	3	0	(22)
Profit before tax	77	38	40	40	122

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [^]
Loan assets (net of ECL)	2,872	1,182	1,185	1,147	6,406

Particulars (₹ crore)	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22
Revenue from operations	142	147	150	142	112
Interest expenses	57	62	65	47	44
Net interest income	85	85	84	95	68
People costs	31	30	31	29	25
Operating expenses	33	23	26	20	21
Total operating expenses	64	53	58	48	45
Pre-provision operating profit	21	32	27	47	22
Credit costs	(46)	21	945	41	58
Profit before tax	67	10	(918)	6	(35)
Loan assets (net of ECL)	2,872	2,968	3,598	3,745	3,205

Particulars (₹ crore)	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22
Revenue from operations	39	59	44	44	46
Interest expenses	24	24	25	22	22
Net interest income	14	34	19	22	24
People costs	4	4	6	4	5
Operating expenses	2	1	2	2	1
Total operating expenses	6	6	8	6	6
Pre-provision operating profit	8	29	11	16	19
Credit costs	6	(7)	88	(1)	(19)
Profit before tax	2	36	(78)	17	38
Loan assets (net of ECL)	1,182	1,282	1,450	1,525	1,486

Housing Finance : Profit & Loss

Particulars (₹ crore)	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22
Revenue from operations	57	56	54	33	29
Interest expenses	16	16	5	15	15
Net interest income	41	40	48	18	14
People costs	13	9	11	7	6
Operating expenses	8	8	6	3	3
Total operating expenses	22	18	16	10	9
Pre-provision operating profit	20	22	32	7	5
Credit costs	2	1	4	1	(0)
Profit before tax	18	21	28	7	5
Loan assets (net of ECL)	1,185	1,214	1,216	1,086	965

Corporate Lending : Profit & Loss

Particulars (₹ crore)	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22
Revenue from operations	46	44	87	49	79
Interest expenses	23	23	26	23	27
Net interest income	23	21	61	26	52
People costs	1	1	1	1	(1)
Operating expenses	0	0	0	2	4
Total operating expenses	2	1	2	3	3
Pre-provision operating profit	21	19	60	23	49
Credit costs	18	(18)	(1)	2	(41)
Profit before tax	3	37	61	21	90
Loan assets (net of ECL)	1,147	1,170	1,423	1,625	1,630

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- Retailisation on track

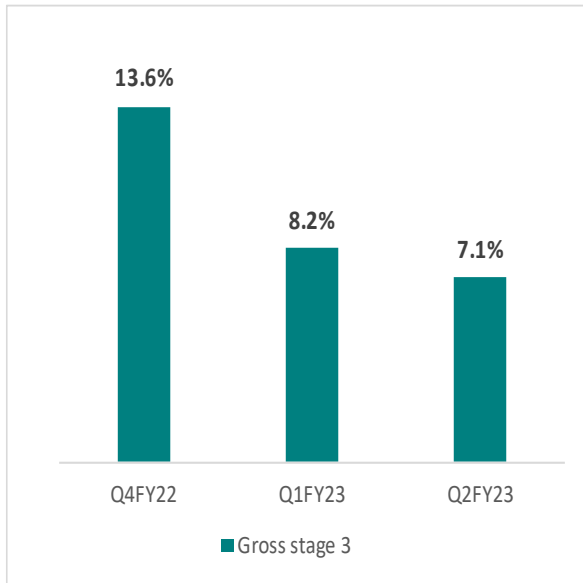
Strong Collection Efficiency

Particulars (₹ crore)	EMI Billing	EMI collected	Overdue / Prepayments collections	Total Collection	Collection efficiency %
Jan 22	240	176	123	299	125%
Feb 22	228	165	115	280	123%
Mar 22	247	209	226	435	176%
Apr 22	241	195	148	344	142%
May 22	240	207	205	411	171%
Jun 22	243	203	355	558	229%
Jul 22	226	191	118	309	137%
Aug 22	205	178	88	267	130%
Sep 22	214	186	108	294	138%
Q4FY22	715	551	464	1,014	142%
Q1FY23	725	605	708	1,312	181%
Q2FY23	645	556	314	870	135%

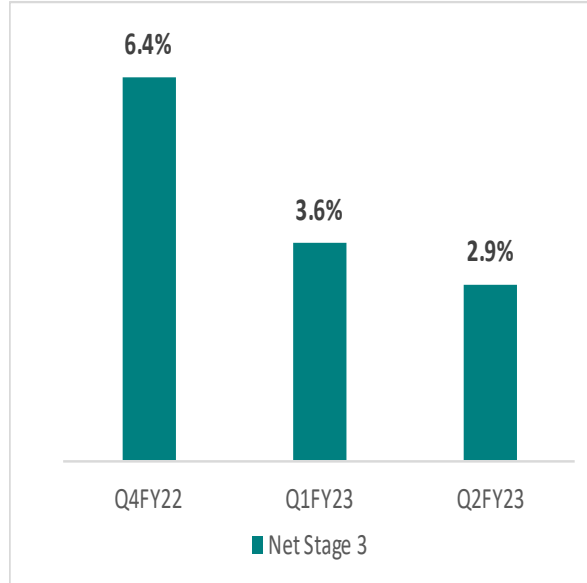
- Overall collection efficiency (Jan to Sep) – 153%; (July to Sep) – 135%

Asset Quality Overview (Q4 FY22 – Q2 FY23) - Consolidated

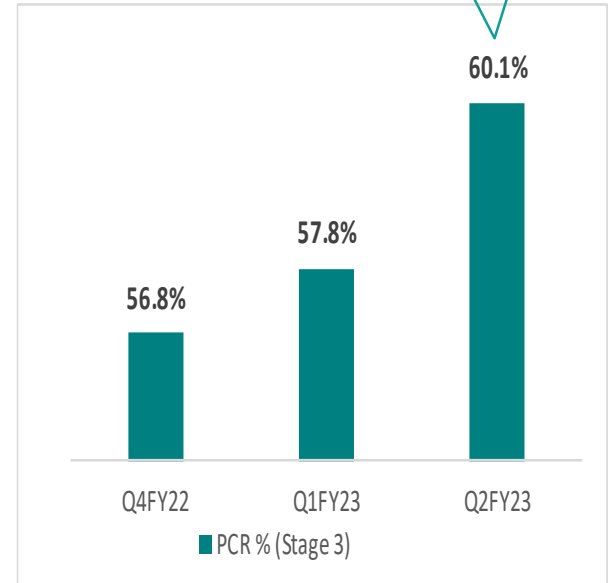
- Significant reduction in Net Stage 3 ratios between Q4 FY 22 and Q2 FY23
- Continue to maintain prudent provisioning



Gross Stage 3



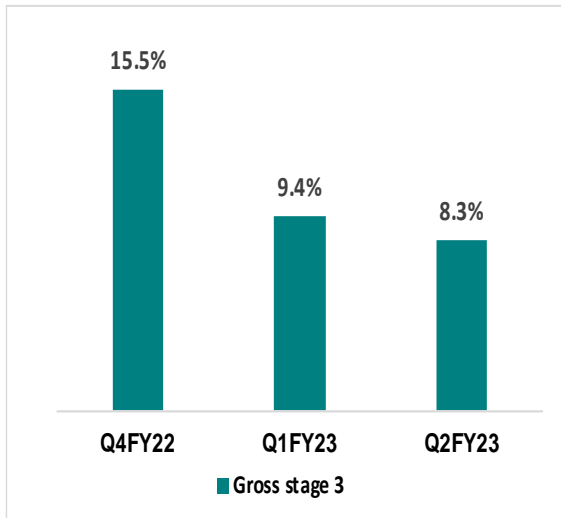
Net Stage 3



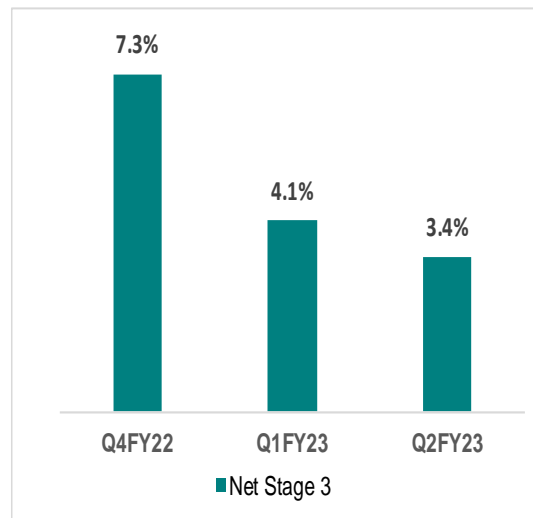
PCR (Stage 3)

Asset Quality Overview (Q4 FY22 – Q2 FY23) - Standalone

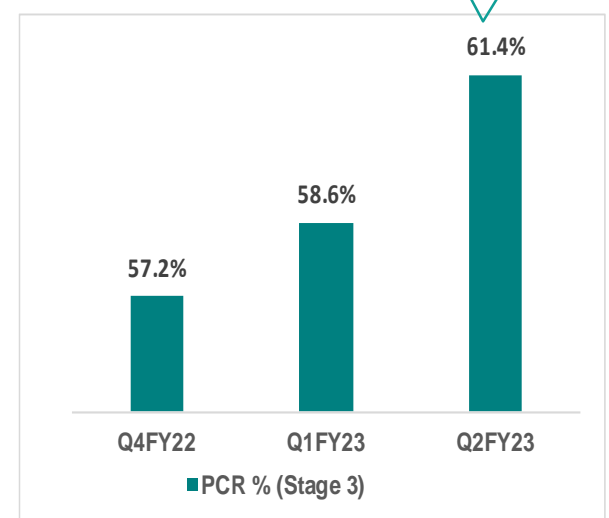
- Significant reduction in Net Stage 3 ratios between Q4 FY 22 and Q2 FY23
- Continue to maintain prudent provisioning
- Capital Adequacy Ratio (CAR) September 22: 34.1% (June 22: 29.0%; March 22: 25.8%)



Gross Stage 3



Net Stage 3



PCR (Stage 3)

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Liquidity & Debt repayment

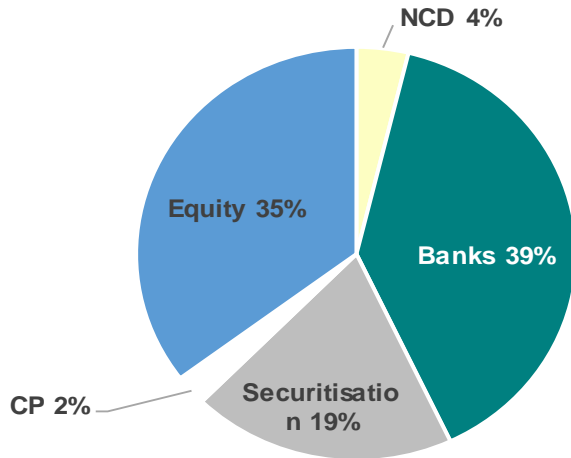
Particulars (₹ crore)	Oct-22	Nov-22	Dec-22	Q4 FY23	Q1 FY24	Q2 FY24
Opening cash & equivalents*	1,459	1,399	1,220	1,120	1,056	968
Loan repayment inflows [Principal]	65	72	95	291	303	294
Fresh borrowings	-	-	-	-	-	-
Total inflow	1,524	1,471	1,315	1,411	1,359	1,262
Liability repayment [Principal]						
Commercial paper	50	150	-	-	-	-
NCDs	-	50	-	50	111	-
Term loans & Others	75	51	195	305	280	421
Total outflow	125	251	195	355	391	421
Closing cash and equivalents	1,399	1,220	1,120	1,056	968	841

*Details of Opening Cash & Equivalents

Particulars as on September 30, 2022	₹ crore
Cash and Bank Balance	223
Liquid Debt Mutual Funds	481
Term Deposits with Banks	130
Undrawn funding Lines	625
Total	1,459

Credit rating remains strong

Funding Mix - September 2022



Strong Credit Ratings

Borrowing Type	Rating Firm	Ratings
Term Loans	CRISIL	AA (-)
	CARE	A+
Redeemable NCDs	CRISIL	AA (-)
	CARE	A+
CPs	CRISIL / CARE / ICRA	A1 (+)

- CRISIL re-affirmed long-term rating at AA- and short-term rating at A1+ on 12 August 2022
- CARE revised long-term rating to A+, short term rating re-affirmed at A1+ on 9 August 2022

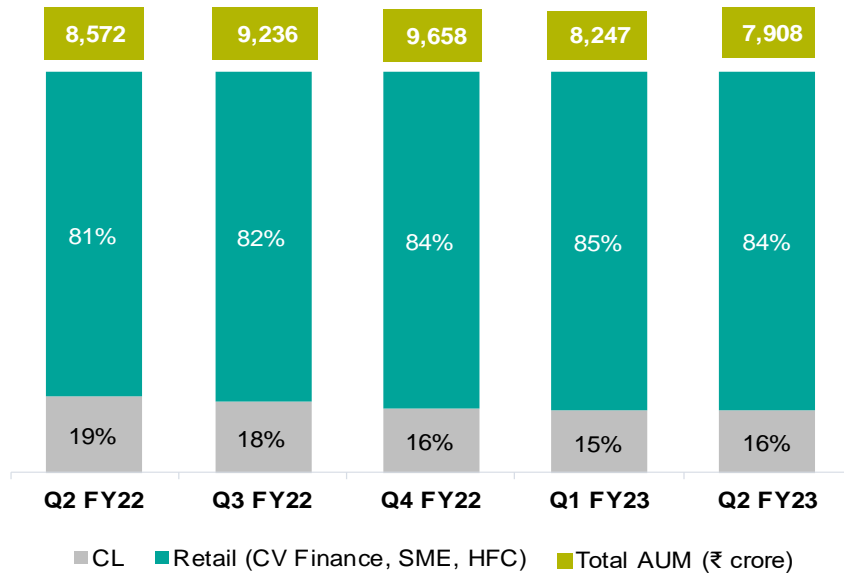
Funding raised in H1 FY23 – Consolidated

Source	Amount (₹ crore)
Term Loan	1,020
Commercial Paper	350
Private Bank - WCDL [?]	125
Cash from loan sale to ARC (net amount)	132
Securitisation (net of cash collateral)	900
Total	2,527

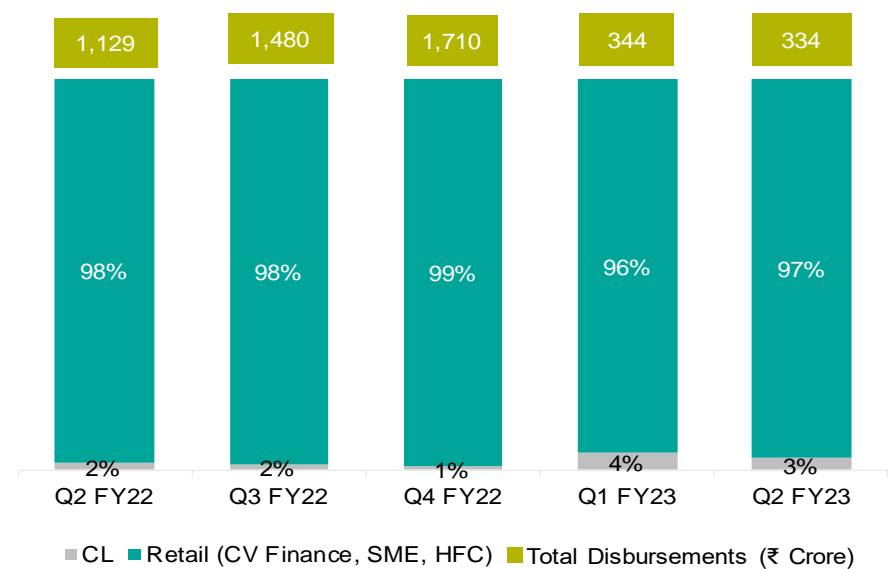
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Retailisation strategy on track

AUM: CL vs Retail (%)



Disbursements: CL vs Retail (%)



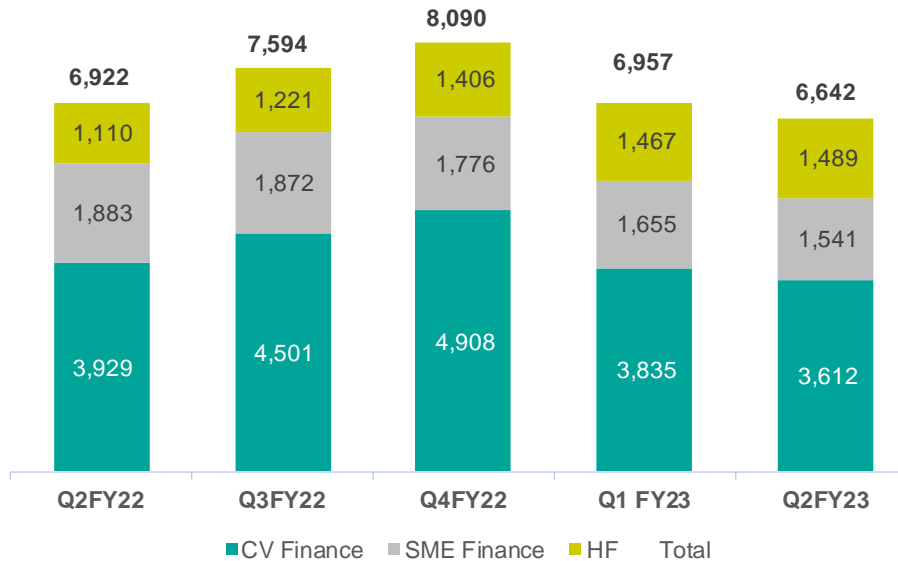
Corporate Lending: CL, Commercial Vehicle Finance: CV Finance, SME Finance: SME, Housing Finance: HF

AUM is gross of ECL provisions

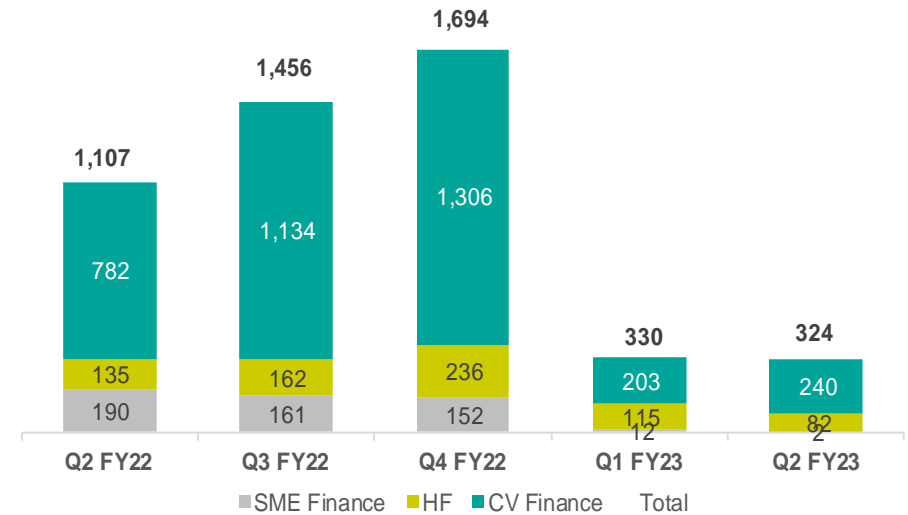
Retail Business Volume

- Disbursement had grown 2x in 12 months from Q4 FY21 to Q4 FY22, before slowing in Q1 and Q2 FY23
- Retail AUM (net of provisions) de-growth arrested; expect book to grow from hereon

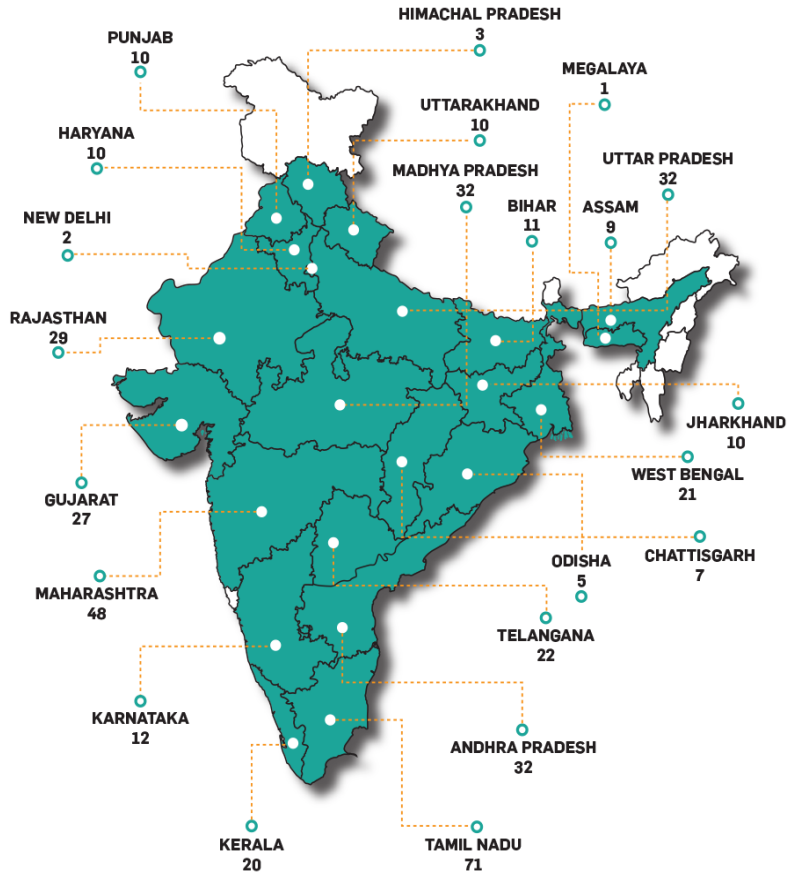
Retail AUM (₹ crore)



Retail Disbursements (₹ crore)

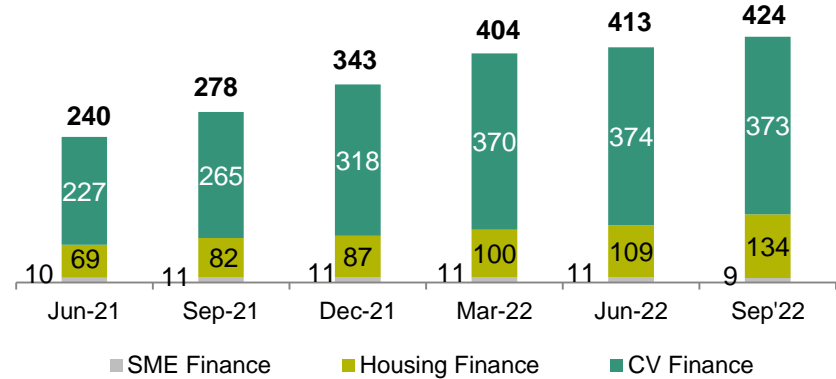


National footprint creating runway for growth

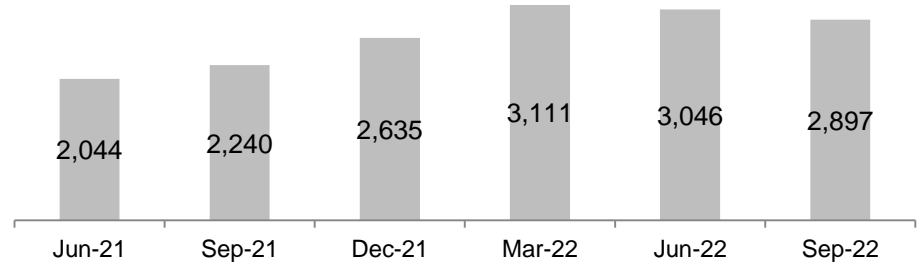


424 branches across 22 states

* Some branches have multiple operating segments



Employee Base



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