

ICFL/LS/0071/2022-23

15 August 2022

BSE Limited

Listing Department, 1st Floor,
P J Towers, Dalal Street, Fort,
Mumbai - 400 001

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Scrip Code: 541336

Symbol: INDOSTAR

Sub.: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir/ Madam,

Pursuant to Regulation 30 of Listing Regulations, please find enclosed Investor Presentation on Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended 30 June 2022.

Request you to kindly take the above on record and disseminate the same on your website.

Thanking you,

Yours faithfully,

For **IndoStar Capital Finance Limited**



Jitendra Bhati

SVP – Compliance & Secretarial
(Membership No. F8937)



Encl: a/a

IndoStar Capital Finance Limited

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CIN: L65100MH2009PLC268160

INDOSTAR CAPITAL FINANCE LIMITED

Q1FY23 Results Update

14 August 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.

- Return to profitability. Robust collections, lower credit cost provisions in the quarter resulting in consolidated PAT of INR 60.9 crore
- Raised incremental funding of INR 1,850 crore from 1 April 2022 and strengthened liquidity. Cash and cash equivalents @ 10 August 22 are INR 956 crore
- Strong Capital Adequacy at 29.0%*, up 320 bps from Q4 FY22; Debt : Equity stands at 2x, one of the lowest in the industry
* Standalone
- Continued strong performance at IndoStar Home Finance, AUM @ INR 1,467 crore (+45% vs Q1 FY22), PAT @ INR 16 crore (+253% vs Q1 FY22)
- CV Stage 3 book reduced to INR 401 crore (~5% of AUM) as of June. Reduction driven by sale to ARC, resolutions and accelerated collections on this book
- GNPA (Gross Stage 3) and NNPA (Net Stage 3) as of 30 June 22 at 8.2% and 3.6% respectively
- CRISIL reaffirms credit rating: AA- for long term and A1+ for short term
- Rebuilding senior leadership team with Deep Jaggi as CEO, Karthikeyan Srinivasan as Chief Risk Officer, Pankaj Thapar as Director Finance and Shreejit Menon as Dy CEO, IndoStar Home Finance
- With continued support from our promoters and favorable tailwinds in CV and Affordable housing segments, we are well poised for growth

- Summary Financials
- Collections and Asset Quality
- Liquidity and Funding
- Rebuilding the Organization: Leadership and Platform

Q1 FY23: Consolidated Profit & Loss Statement

Particulars (₹ crore)	Q1FY23	Q4FY22	Q3 FY22	FY22	FY21
Revenue from operations	314	341	288	1,174	1,287
Interest expenses	147	138	124	536	706
Net revenue from operations	167	203	164	638	581
People costs	55	43	60	205	174
Operating expenses	48	44	42	171	139
Total operating expenses	103	86	102	376	313
Pre-provision operating profit	64	117	62	262	268
ECL Provision	(458)	550	36	580	294
Write offs	456	487	7	579	194
Credit costs	(2)	1,036	43	1,158	487
Profit before tax	66	(920)	20	(896)	(219)
Tax	5	(166)	5	(160)	(5)
Profit after tax	61	(754)	15	(736)	(214)

- Return to profitability; PAT @ INR 61 crore

Consolidated Balance Sheet

Particulars (₹ crore)	Jun-22	Mar-22	Dec-21	Jun-21
Equity	2,995	2,929	3,678	3,629
Borrowings	5,869	6,223	5,678	5,557
Other liabilities	456	509	355	396
Total liabilities	9,320	9,661	9,712	9,582
Loan assets	6,654	7,707	7,870	6,783
Treasury assets	1,445	1,037	1,127	1,945
Fixed assets & goodwill	380	386	374	369
Other assets	841	531	342	486
Total assets	9,320	9,661	9,712	9,582

- Debt : Equity of 2x, one of the lowest in the industry
- Strong Capital Adequacy (stand alone) at 29%; up 320 bps from Mar 22

Q1 FY23: Business Segment Performance

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [^]
Revenue from operations	147	59	56	44	314
Interest expenses	62	24	16	23	147
Net interest income	85	34	40	21	167
People costs	30	4	9	1	55
Operating expenses	23	1	8	0	48
Total operating expenses	53	6	18	1	103
Pre-provision operating profit	32	29	22	19	64
ECL Provision	(435)	(5)	1	(19)	(458)
Write offs	456	(2)	-	1	456
Credit costs	21	(7)	1	(18)	(2)
Profit before tax	10	36	21	37	66

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [*]
Loan assets (net of ECL)	2,968	1,282	1,214	1,170	6,654

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

Q4 FY22: Business Segment Performance

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [^]
Revenue from operations	150	44	54	87	341
Interest expenses	65	25	5	26	138
Net interest income	84	19	48	61	203
People costs	31	6	11	1	43
Operating expenses	26	2	6	0	44
Total operating expenses	58	8	16	2	86
Pre-provision operating profit	27	11	32	60	117
ECL Provision	548	(0)	4	(2)	550
Write offs	397	88	0	1	487
Credit costs	945	88	4	(1)	1,036
Profit before tax	(918)	(78)	28	61	(920)

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated [*]
Loan assets (net of ECL)	3,598	1,450	1,216	1,423	7,707

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

Particulars (₹ crore)	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22
Revenue from operations	147	150	142	112	118
Interest expenses	62	65	47	44	40
Net interest income	85	84	95	68	77
People costs	30	31	29	25	18
Operating expenses	23	26	20	21	28
Total operating expenses	53	58	48	45	46
Pre-provision operating profit	32	27	47	22	32
Credit costs	21	945	41	58	49
Profit before tax	10	(918)	6	(35)	(17)
Loan assets (net of ECL)	2,968	3,598	3,745	3,205	2,866

Particulars (₹ crore)	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22
Revenue from operations	59	44	44	46	45
Interest expenses	24	25	22	22	22
Net interest income	34	19	22	24	23
People costs	4	6	4	5	4
Operating expenses	1	2	2	1	1
Total operating expenses	6	8	6	6	5
Pre-provision operating profit	29	11	16	19	18
Credit costs	(7)	88	(1)	(19)	32
Profit before tax	36	(78)	17	38	(13)
Loan assets (net of ECL)	1,282	1,450	1,525	1,486	1,362

Housing Finance : Profit & Loss

Particulars (₹ crore)	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22
Revenue from operations	56	54	33	29	30
Interest expenses	16	5	15	15	14
Net interest income	40	48	18	14	16
People costs	9	11	7	6	5
Operating expenses	8	6	3	3	3
Total operating expenses	18	16	10	9	8
Pre-provision operating profit	22	32	7	5	8
Credit costs	1	4	1	(0)	1
Profit before tax	21	28	7	5	6
Loan assets (net of ECL)	1,214	1,216	1,086	965	860

Corporate Lending : Profit & Loss

Particulars (₹ crore)	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22
Revenue from operations	44	87	49	79	59
Interest expenses	23	26	23	27	30
Net interest income	21	61	26	52	29
People costs	1	1	1	(1)	4
Operating expenses	0	0	2	4	2
Total operating expenses	1	2	3	3	6
Pre-provision operating profit	19	60	23	49	23
Credit costs	(18)	(1)	2	(41)	1
Profit before tax	37	61	21	90	22
Loan assets (net of ECL)	1,170	1,423	1,625	1,630	1,871

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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%
Q4FY22	715	551	464	1,014	142%
Q1FY23	725	605	708	1,312	181%

- Overall collection efficiency (Jan to Jun) – 162%; (April to Jun) – 181%
- Collection greater than EMI billing INR 888 crore
 - Jan to Mar – INR 300 crore
 - Apr to Jun – INR 588 crore
- INR 708 crore collections towards prepayments and overdue in Q1 FY23

ECL reduction driven by ARC sale, collections and settlements

INR crores

ECL (Stage wise) (Mar'22)	CV finance	SME finance	Housing finance	Corporate lending	Total
Stage 1	56	9	9	23	96
Stage 2	212	27	3	114	356
Stage 3	617	49	8	9	684
Total	886	85	20	145	1,136

1040

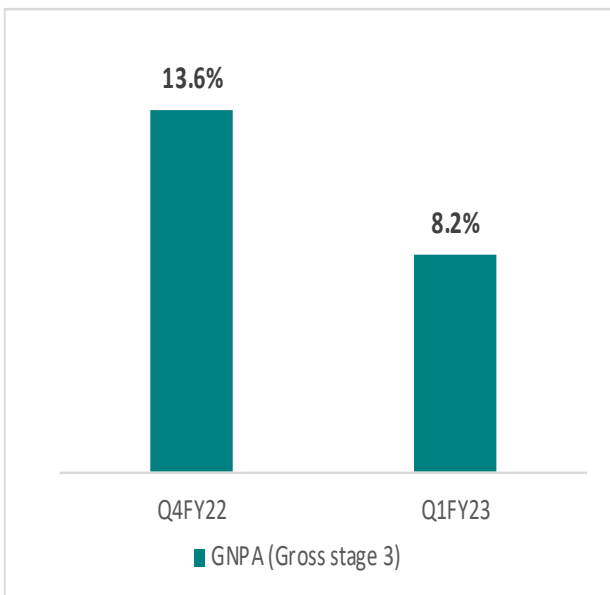
ECL (Stage wise) (Jun'22)	CV finance	SME finance	Housing finance	Corporate lending	Total
Stage 1	53	6	9	9	77
Stage 2	58	24	2	108	193
Stage 3	277	48	9	9	343
Total	388	79	20	126	613

536

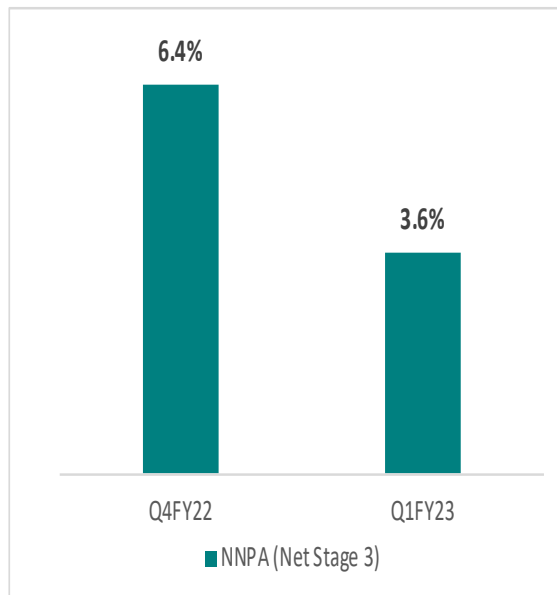
- Stage 2 and 3 loan book reduced by INR 504 crore
- ECL impact of ARC sale ~INR 412 crore, Stage change ~INR 112 crore

Asset Quality Overview (Q4 FY22 and Q1FY23) - Consolidated

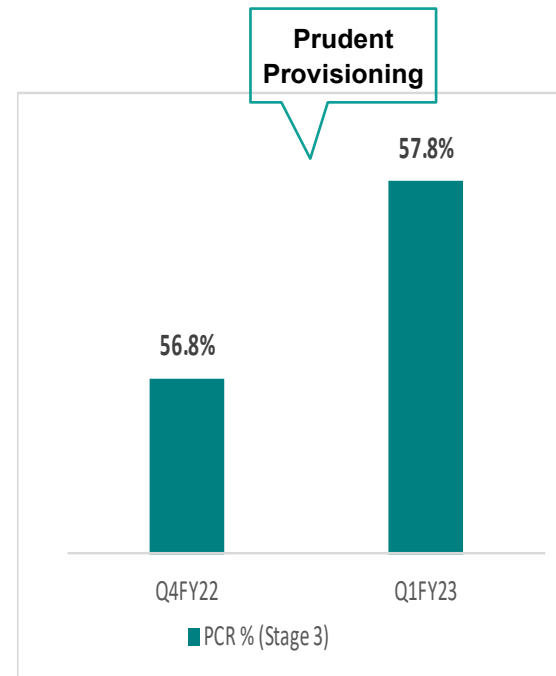
- Significant reduction in NNPA (Net Stage 3) ratios between Q4 FY 22 and Q1 FY23
- Continue to maintain prudent provisioning



GNPA (Gross Stage 3)



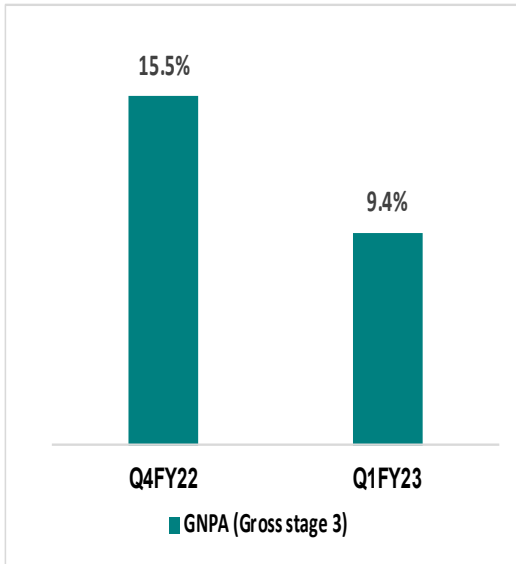
NNPA (Net Stage 3)



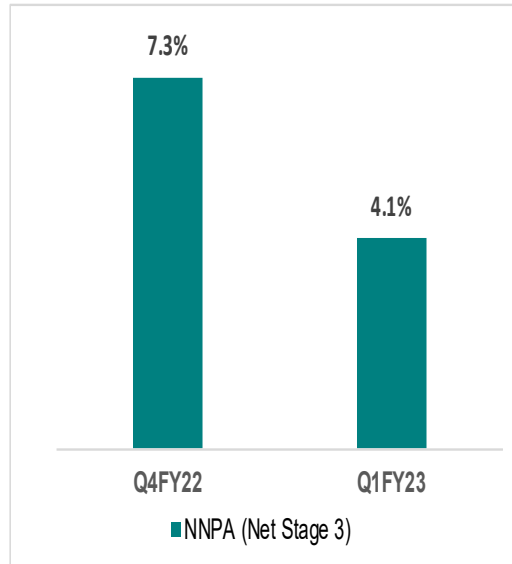
PCR (Stage 3)

Asset Quality Overview (Q4 FY22 and Q1FY23) - Standalone

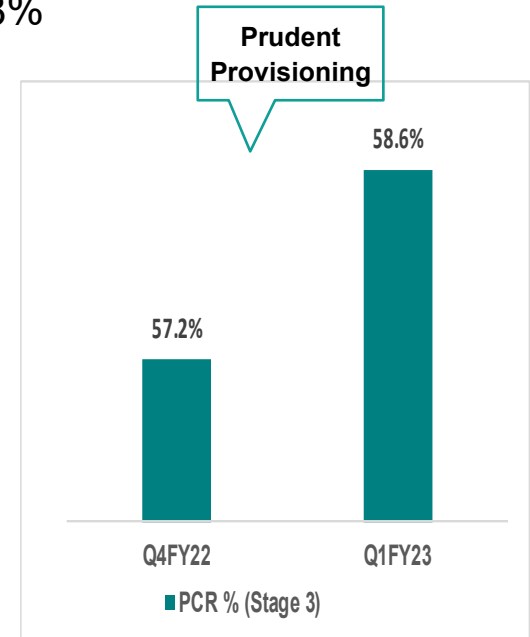
- Significant reduction in NNPA (Net Stage 3) ratios between Q4 FY 22 and Q1 FY23
- Continue to maintain prudent provisioning
- Capital Adequacy Ratio (CAR) June 22: 29.0; March 22: 25.8%



GNPA (Gross Stage 3)



NNPA (Net Stage 3)



PCR (Stage 3)

- Summary Financials
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ALM reflects Strong Liquidity

Particulars (₹ crore)	Jul-22	Aug-22	Sep-22	Q3 FY23	Q4 FY23
Opening cash & equivalents*	1,509	1,643	1,525	1,156	901
Loan repayment inflows [Principal]	80	80	91	302	353
Fresh borrowings	380	-	-	-	-
Total inflow	1,969	1,723	1,616	1,458	1,254
Liability repayment [Principal]					
Commercial paper	150	-	205	200	-
NCDs	75	150	-	50	425
Term loans & Others	101	48	255	307	305
Total outflow	326	198	460	557	730
Closing cash and equivalents	1,643	1,525	1,156	901	524

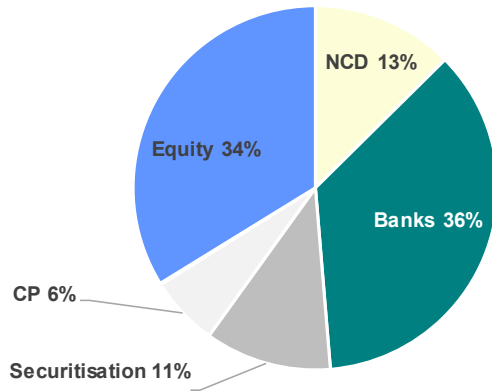
*Details of Opening Cash and Equivalents

Particulars as on June 30, 2022	₹ crore
Cash and Bank Balance	267
Liquid Debt Mutual Funds	511
Term Deposits with Banks	12
Undrawn funding Lines	719
Total	1,509

* Provisional

Particulars as on July 31, 2022	₹ crore *
Cash and Bank Balance	252
Liquid Debt Mutual Funds	695
Term Deposits with Banks	1
Undrawn funding Lines	719
Total	1,667

Funding Mix - June 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
- CARE ratings not applicable for long term borrowings of IndoStar Home Finance

Funding raised since 1st April 2022 – standalone

Source	Amount (INR crore)
PSU Bank - Term Loan	400
Commercial Paper	300
Securitization of SME loan pool	100
Private Bank - Term Loan	770
Private Bank - WCDL	50
Cash from loan sale to ARC (net amount)	130
Total	1,750

- Cash and cash equivalents @ 30 June 22 is INR 679 crore
- Cash and cash equivalents @ 10 August 22 is INR 916 crore
- Additionally, INR 100 crore funding raised in IndoStar Home Finance

- Summary Financials
- Collections and Asset Quality
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Significant management changes over last 6 months to drive growth and value creation

CEO

Deep Jaggi
(Jan 2022)

**Director
Finance**

Pankaj Thapar
(July 2022)

CRO

**Karthikeyan
Srinivasan**
(May 2022)

**Internal
Audit Head**

Kashinath Palekar
(May 2022)

**Head
Credit CV**

K V Bharadwaj
(Aug 2022)

HFC CFO

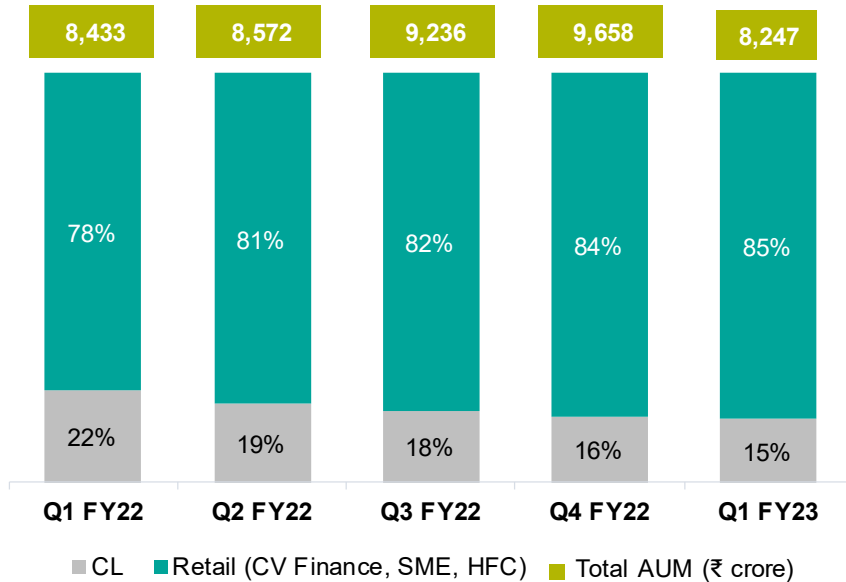
**Offer Made and
accepted**

HFC CDO

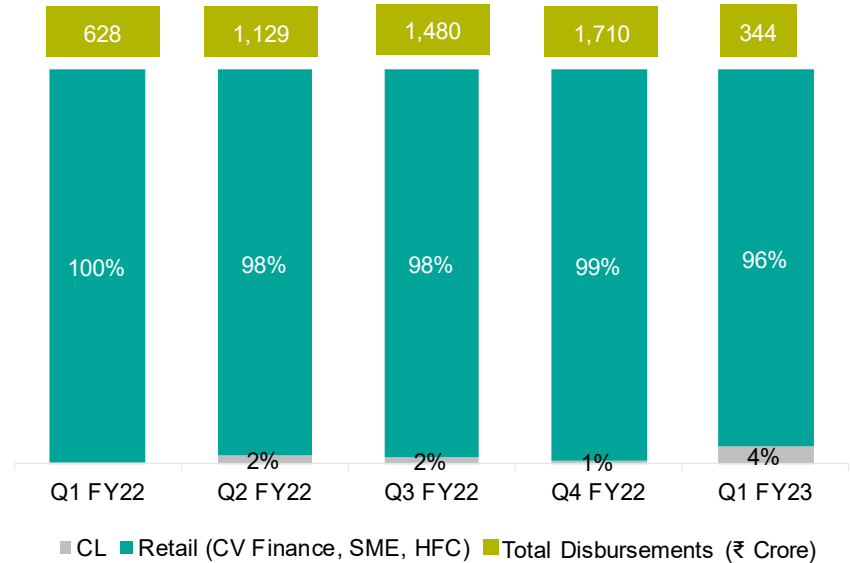
**Offer Made and
accepted**

Retailisation strategy on track

AUM: CL vs Retail (%)



Disbursements: CL vs Retail (%)



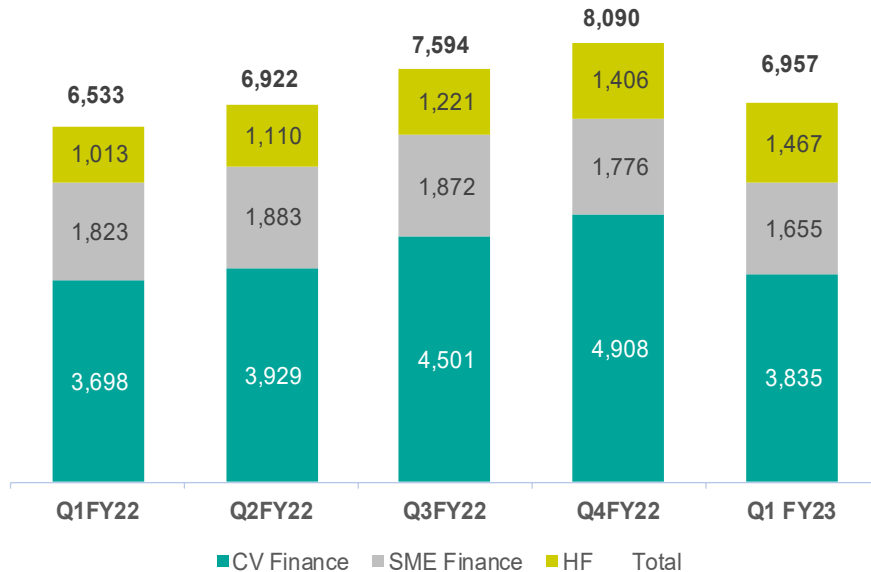
Corporate Lending: CL, Commercial Vehicle Finance: CV Finance, SME Finance: SME, Housing Finance: HF

AUM is gross of ECL provisions

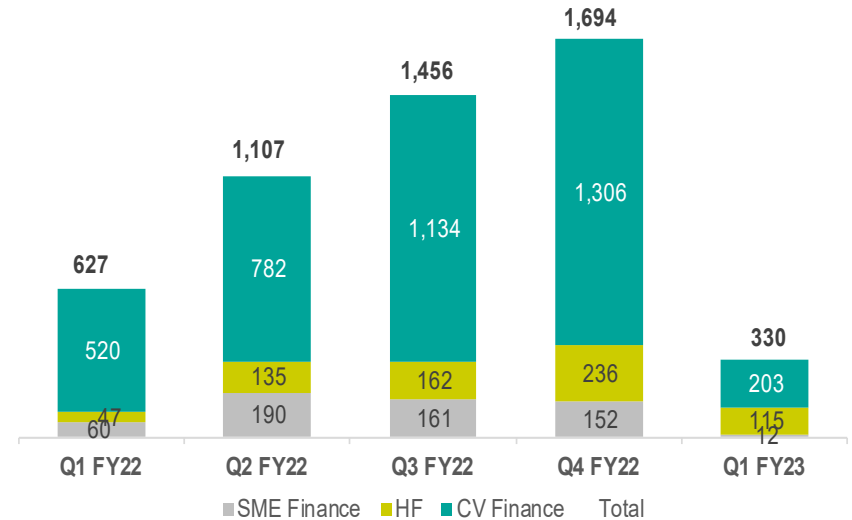
Retail Business Volume

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

Retail AUM (₹ crore)



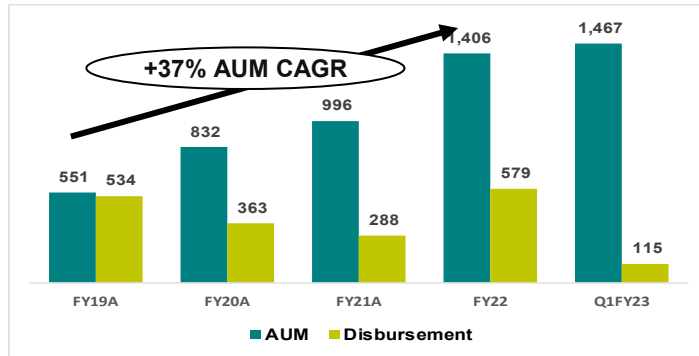
Retail Disbursements (₹ crore)



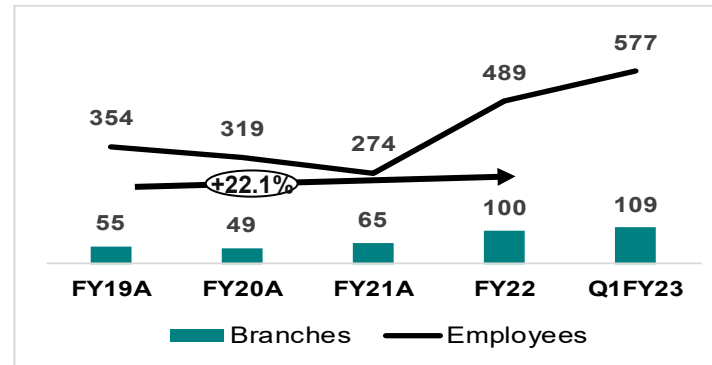
HFC: Growing book with stable asset quality

HFC now run as a fully independent company; Scaled up to AUM of ~INR 1,467 crores at a CAGR of ~37% in last 3 years. Infrastructure of ~109 branches with 577 employees which gives long runway for growth

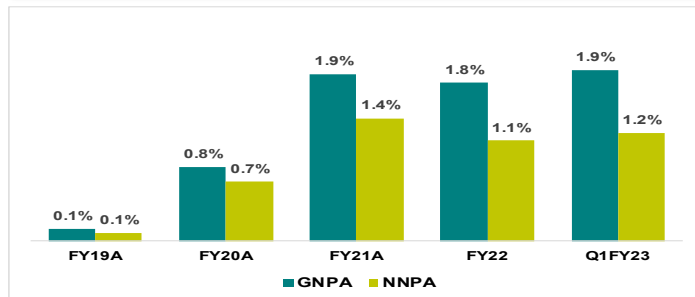
AUM has grown at 37% CAGR over last 3 years



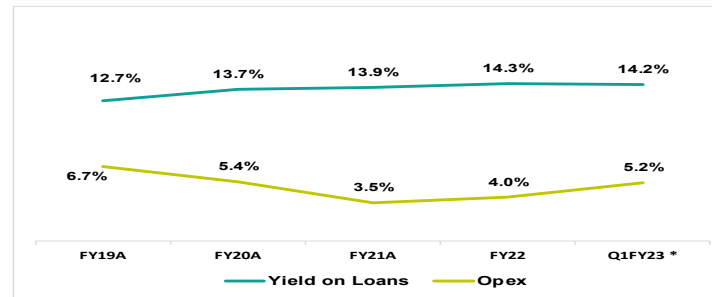
Expanding Branches – Pan India



Strong Asset Quality with NNPA of <2%

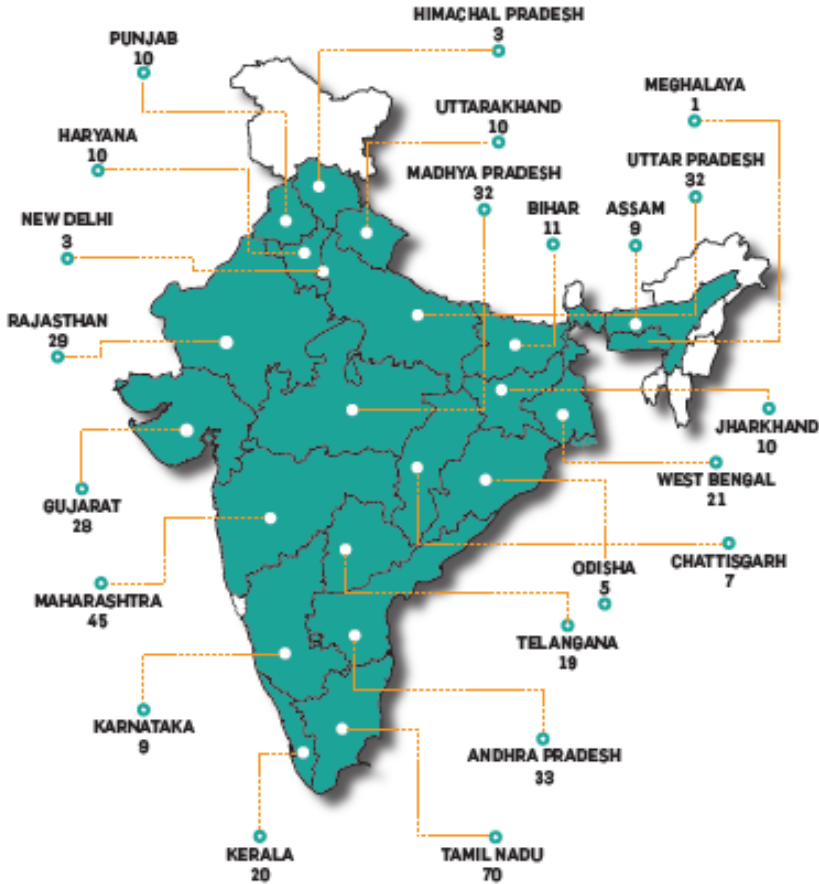


Yield and Cost Profile



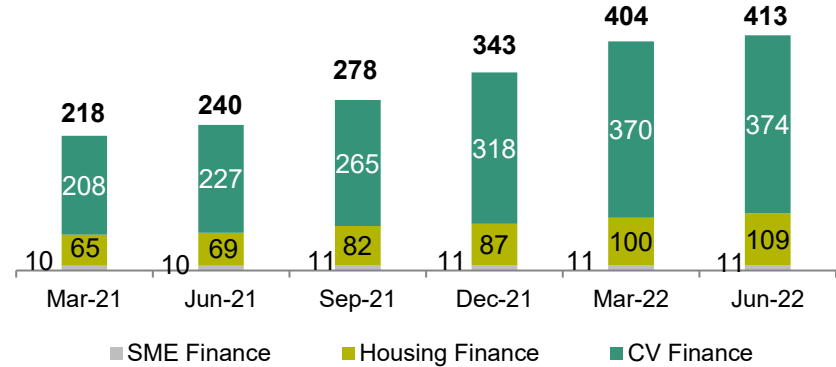
Notes: 1. Basis HFC financials Nos in INR crore

Significant footprint creating runway for growth

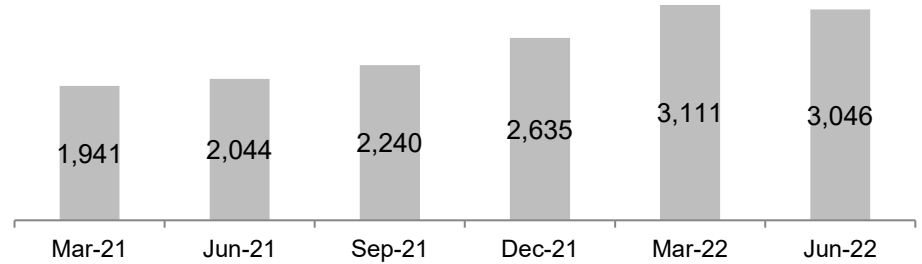


413 branches across 22 states

* Some branches have multiple operating segments



Employee Base



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For Further Queries