



INDOSTAR CAPITAL FINANCE LIMITED

Q4 & FY18 Results Update

30 May 2018

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Discussion Summary

- ❖ **Business Overview**
- ❖ Leadership team
- ❖ Shareholding Structure
- ❖ Q4 & FY18 Results Update

1. First Indian NBFC promoted by Global Investors

- Inception in 2011, sponsored by Everstone Capital and other marquee investors
- IPO for INR 18.44 Bn [Fresh Issue INR 7,000 Mn, OFS INR 11.44 Bn], subscribed 6.8x
- Successfully listed on NSE & BSE in May-18

2. Strong Performance Track Record

- FY14-18 CAGR: AUM 24%, PAT 19%
- High asset quality: FY18 GNPA: 1.3%
- Healthy Profitability: FY18 NIM: 6.3%, ROAA: 3.5%
- FY18 CRAR: 28.3%, Sufficient capital available for rapid growth

3. Established Corporate Lending Platform

- Differentiated lending with high asset quality; only 1 NPA
- Completed multiple credit cycles – Cumulative disbursement of Rs 225,078 Mn; 80% repaid
- Profitable growth, robust cash generation
- Corporate AUM: Rs 45,721 Mn

6. Robust Risk Management & Scalable Technology Platform

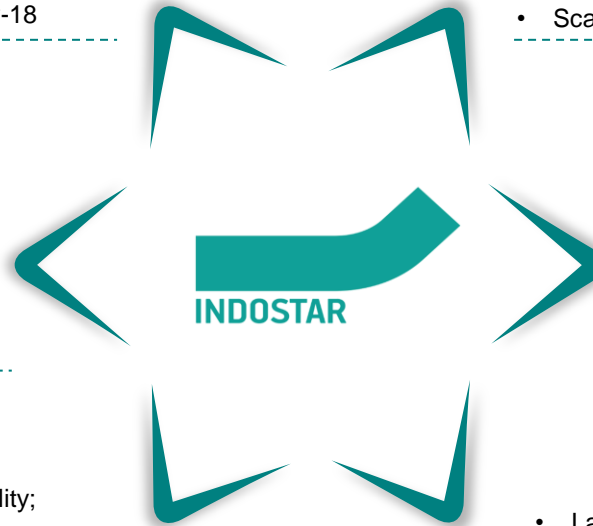
- Strong credit underwriting processes, robust monitoring mechanism
- Active Board oversight
- Scalable technology platform built to support growth

5. Entrepreneurial Leadership with Strong Sponsor Backing

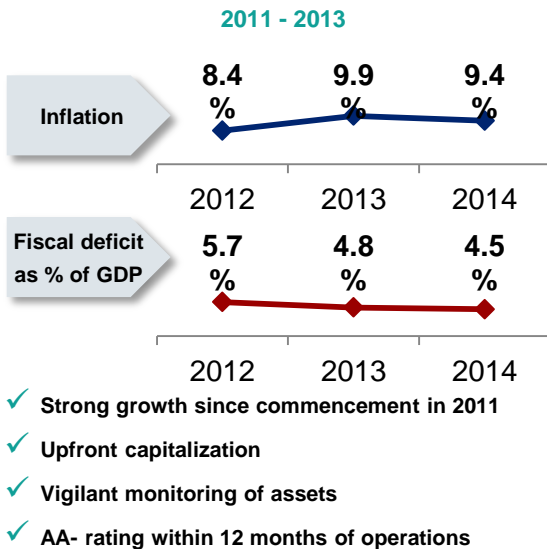
- Experienced team with in-depth understanding of the specific industry and geographic regions
- Separate business / credit heads for each vertical
- ESOP program (10.5% of fully diluted shares), interest aligned with business growth

4. Poised for Aggressive Growth in Retail Loan Book

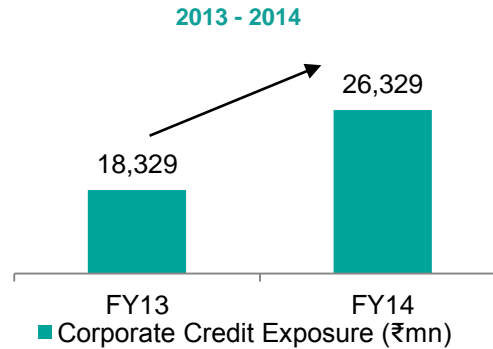
- Launched SME lending in Mar-15, expanded portfolio to HF in Sep-17 & VF in Nov-17
- Retail AUM: Rs 16,352 Mn (26% of total AUM)
- Presence in 15 states, 91 Branches, 1094 Employees, 3428 Customers



Started operations in a challenging credit environment

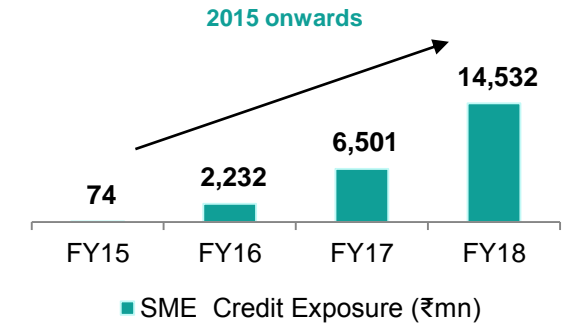


Established a strong Corporate Lending platform



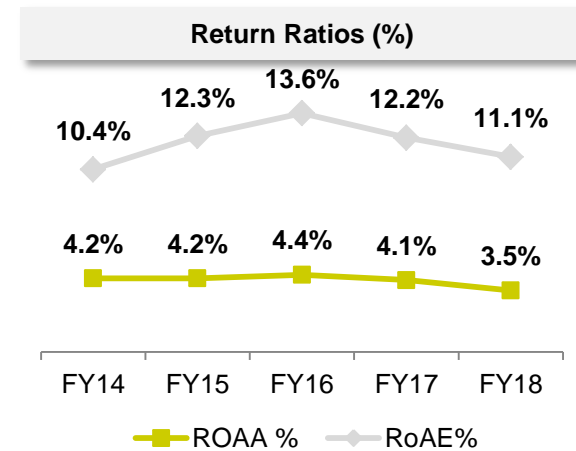
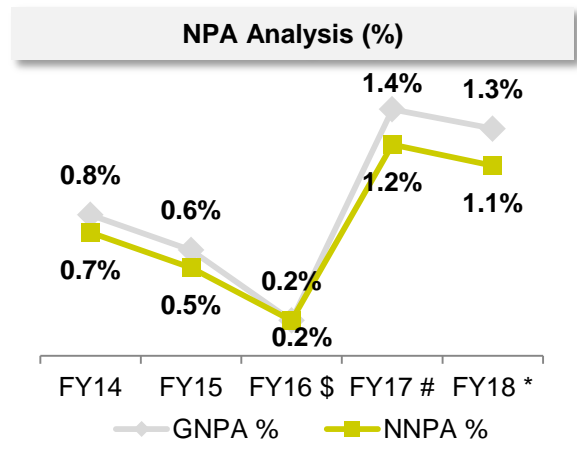
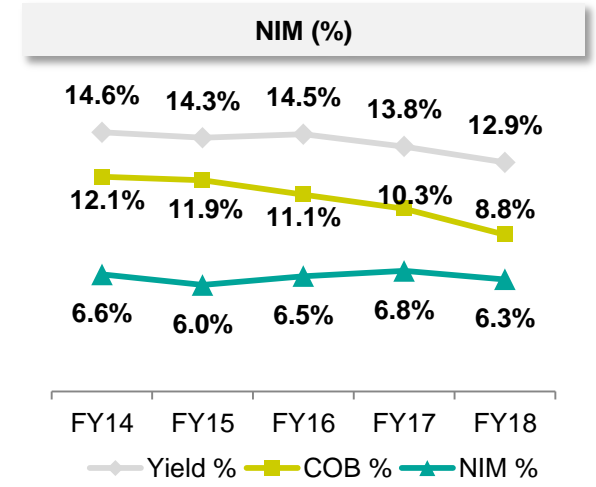
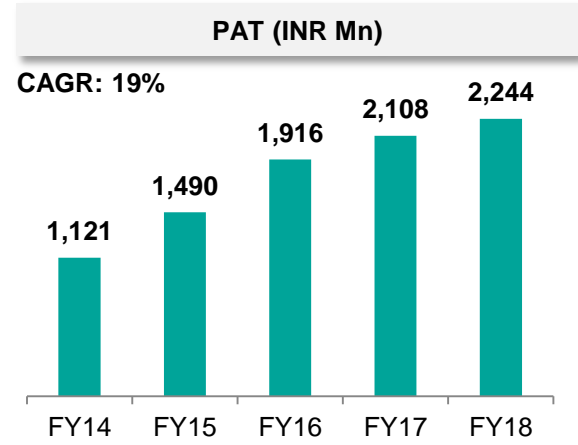
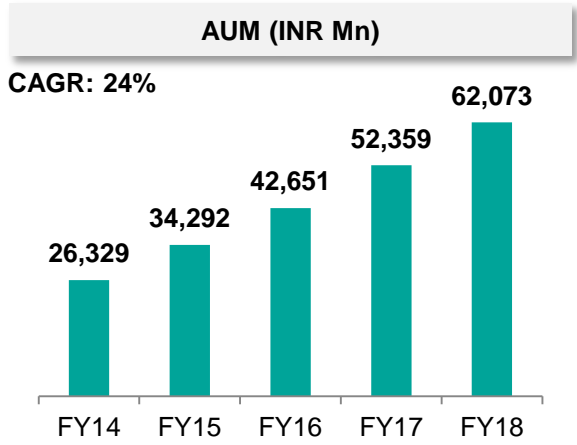
- ✓ 42 corporate lending clients in FY14
- ✓ Lender engagement with 33 banks and MFs in FY14
- ✓ High asset quality with 0.8% GNPA in FY14

Successfully forayed into SME; Expanding into Vehicle & Housing Finance



- ✓ Established SME Lending
- ✓ Geographic expansion: 10 SME branches
- ✓ Received HFC license
- ✓ Maintained growth with high asset quality

Strong Performance Track Record



\$ 150 DPD # 120 DPD, * 90 DPD

Corporate Lending and Vehicle Finance will be the Primary Growth Engines
 Housing Finance and SME Lending will offer strategic leverage

Vehicle Finance

- **Focus area:** Used CV (5 – 12 years)
- **Differentiating strategy:**
 - Sourcing through field offices
 - Leverage team's relationships with SFOs, MFOs and LCV & MCV owners, dealerships
 - Headquartered in Chennai; initial roll out from Tamil Nadu
 - Increase local on-ground presence to 15 key states

Branches*	75
Employees	604
Customers	1,876
AUM (INR Mn)	1,307

Housing Finance

- **Focus area:** Affordable HF, Self-employed individuals in outskirts of urban markets, Tier II cities
- **Differentiating strategy:**
 - Hired experienced personnel
 - Leverage relationships with real estate developer customers
 - Consider developer finance opportunities in select locations
 - Leverage VF branch network

Branches*	31
Employees	341
Customers	437
AUM (INR Mn)	512

SME Lending

- **Focus area:** Businessmen, traders, manufacturers
- **Differentiating strategy:**
 - ~ 50% of SME loans qualify for PSL
 - Collateral - Typically completed and self-occupied residential property
 - Customized solutions
 - Short turn-around-time for processing loan applications
 - 100% loans are (1) secured (2) floating (3) monthly interest servicing

Branches	10
Employees	65
Customers	1,079
AUM (INR Mn)	14,352

* Some branches have multiple operating segments

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Entrepreneurial Leadership with Strong Sponsor Backing

- ✓ Several years of experience and in-depth understanding of the specific industry and geographic regions
- ✓ Separate business & credit heads for each vertical
- ✓ Strong alignment through large ESOP program (10.5% of diluted shares)



R. Sridhar
Executive Vice-
Chairman & CEO

- c.3 decades of experience in financial services industry
- Previously associated with various entities forming part of the Shriram group
- Served as the managing director of Shriram Transport Finance Company



Shailesh Shirali
Managing Director,
Head – Corporate
Lending & Markets

- Several years of experience in the financial services sector
- Previously worked at Future Capital Holdings



A. Gowthaman
Business Head
Vehicle Finance

- 20+ years of experience in financial institutions
- Previously worked with Cholamandalam Investment & Finance Company, Shriram Transport Finance Company, Shriram Investments and others



Prashant Joshi
Chief Operating
Officer

- 20+ years of experience across SME, Corporate banking
- Previously worked with Deutsche Bank, Standard Chartered Bank, IDBI Bank, ICICI



Pankaj Thapar
Chief Financial
Officer

- 30+ years of experience in corporate finance
- Previously worked with Everstone Capital Advisors, Dentsu Marcom, ICICI, Coca-Cola India, ANZ Grindlays Bank, Citibank India



Sanjay Athalye
Chief Risk Officer

- Experience in commercial finance, managing credit, risk & portfolio quality
- Previously worked with Reliance Capital, Centurion Bank of Punjab, IDBI Bank, ICICI, Reliance Telecom



Prabhat Kumar Tripathy
Business Head
Housing Finance

- 20+ years of experience in financial institutions
- Previously worked with Equitas Small Finance Bank, ICICI, Dewan Housing Finance Corporation and others



Shreejit Menon
Business Head
Affordable HF

- Several years of experience with financial Institutions
- Previously worked with Religare Housing Development Finance Corporation, HSBC and Muthoot Housing Finance Company



Hansraj Thakur
Business Head
SME Finance

- Several years of experience in SME, commercial banking, and sales and relationship management
- Previously worked at IDFC Bank and Standard Chartered Bank

Entrepreneurial Leadership with Strong Sponsor Backing (cont'd)

- ✓ 14 committees composed of independent and non-independent directors and also employees¹
- ✓ Distinct and delineated responsibilities to ensure good corporate governance
- ✓ Strong capital sponsorship also providing access to best industry practices and international corporate governance standards

Name	Designation	Description
 Dhanpal Jhaveri	Chairman & Non-Executive Director	<ul style="list-style-type: none"> ▪ Director since 2010; Partner at Everstone Capital ▪ Experience in investing, corporate strategy, mergers and acquisitions and investment banking ▪ Previously worked with Vedanta Group, ICICI Securities, KPMG India
 R.Sridhar	Executive Vice Chairman & CEO	<ul style="list-style-type: none"> ▪ c.3 decades of experience in financial services industry ▪ Previously associated with various entities forming part of the Shriram group
 Sameer Sain	Non-Executive Director	<ul style="list-style-type: none"> ▪ Director since 2011 ▪ Several years of experience in investment management, institutional wealth management and special investments
 Alok Oberoi	Non-Executive Director	<ul style="list-style-type: none"> ▪ Director since 2011 ▪ Experience in Investment and structuring international joint ventures and transactions ▪ Founder of ACPI investments, previously worked with Goldman Sachs
 Hemant Kaul	Non-Executive Independent Director	<ul style="list-style-type: none"> ▪ Several years of experience in the fields of banking and insurance ▪ Previously worked with Axis Bank and Bajaj Allianz General Insurance
 Dinesh Kumar Mehrotra	Non-Executive Independent Director	<ul style="list-style-type: none"> ▪ 30+ years experience in insurance ▪ Previously served as the Chairman of Life Insurance Corporation of India
 Bobby Parikh	Non-Executive Independent Director	<ul style="list-style-type: none"> ▪ Director since 2011 ▪ Several years of experience in finance
 Naina Krishna Murthy	Non-Executive Independent Director	<ul style="list-style-type: none"> ▪ 17+ years of experience in the field of law ▪ Founder of India law firm K Law

1. 14 committees include Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, IPO Committee, Credit committee, Management committee, Corporate lending committee, Retail lending committee, Banking committee, Allotment and share transfer committee and Debenture committee.

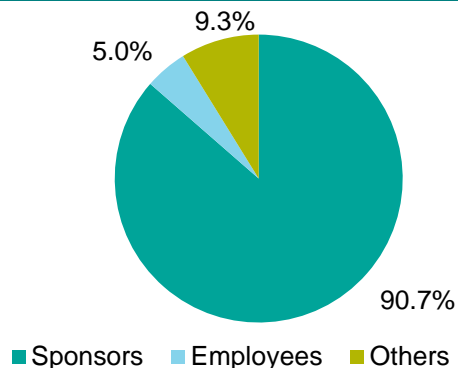
 Independent Directors

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Shareholding Pattern

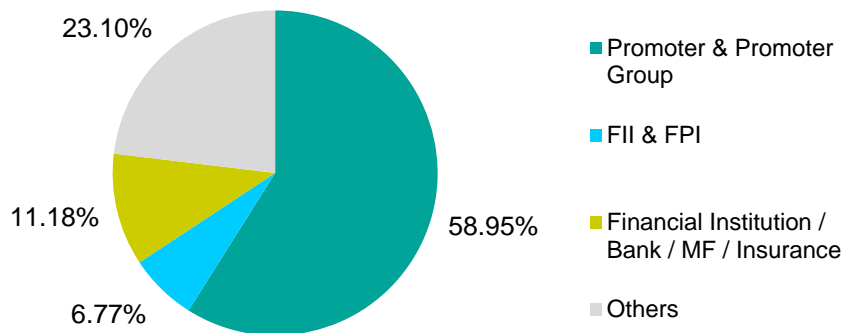
% Shareholding – March 2018



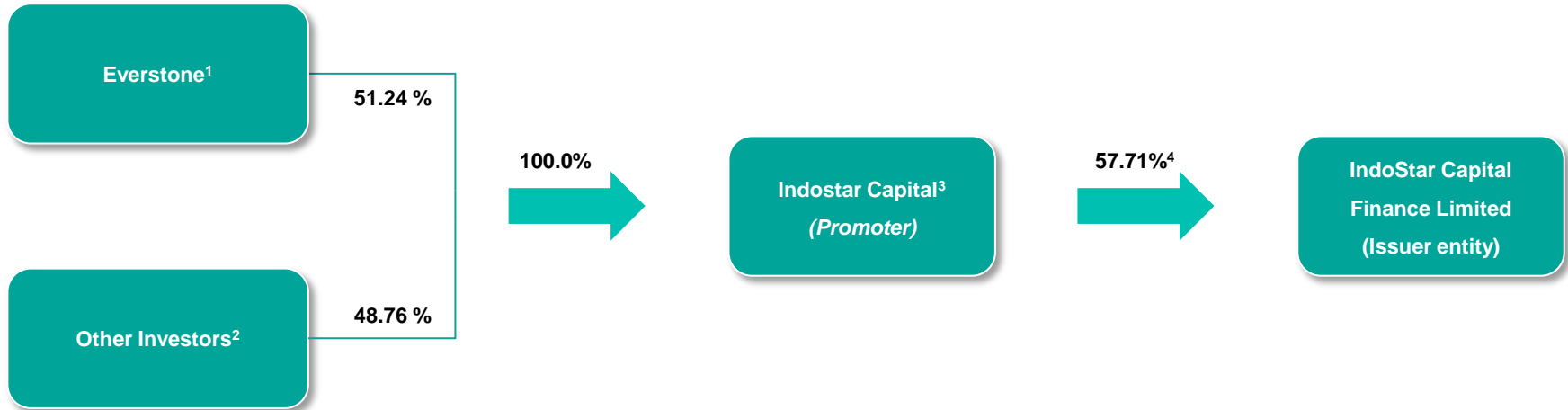
Major Shareholders 25 May 2018

Promoter & Promoter Group
Management Team and Employees*
SBI Mutual Fund
Lenarco
BNP Paribas Arbitrage
SBI Life Insurance
ICICI Prudential Life Insurance
SBI Amundi Funds
Fidelity Investment Trust
ICICI Lombard General Insurance
HDFC Standard Life Insurance
Aditya Birla Sun Life Insurance
Reliance Mutual Fund
Bajaj Allianz Life Insurance
Max Life Insurance
Jupiter
Sundaram Mutual Fund
Reliance Nippon Life Insurance

% Shareholding – May 2018



Promoters Shareholding Structure



Strong capital sponsorship of Everstone Group



India and SEA
focused

US\$4.0bn
AuM



'Private Equity Firm of the Year in India'
for 6 consecutive years (2011 - 2016)⁵

1. Includes Indostar Everstone (42.54%) and Everstar Holdings Pte. Ltd. (8.70%). 2. Includes ACP Libra Limited (16.35%), Beacon India Private Equity Fund (10.79%), Beacon Light Group Limited (2.90%), Global Long Short Partners Mauritius I Limited (8.44%), Private Opportunities (Mauritius) I Limited (5.63%) and CDIB Capital Investment II Limited (4.65%). 3. Incorporated in Mauritius. 4. Others include Everstone Capital Partners II LLC (1.44%) and other institutional / individual investors (including employees). 5. Recognized as 'Private Equity Firm of the Year in India' by Private Equity International for six consecutive years from 2011 to 2016.

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FY18: Consolidated Result Highlights

Disbursements
INR 53,884 Mn
(+ 10% YoY)

AUM
INR 62,073 Mn
(+ 19% YoY)

NIM
6.3 %

NNPA
1.1 %

PAT
INR 2,244 Mn
(+ 6% YoY)

Networth
INR 21,372 Mn

ROAA 3.5%
ROAE 11.1%

Debt / Equity
2.26
Capital Adequacy
28.3%

BVPS INR 271.63
EPS INR 28.53

AUM Breakup
Corporate : Retail
74% : 26%

Branches 91
Employees 1094

Total Customers
3428

Q4 & FY18: Consolidated Profit & Loss Statement

Particulars (Rs Mn)	Q4 FY18	Q4 FY17	QoQ %	Q3 FY18	QoQ %	FY18	FY17	YoY %
Interest Income	1,882	1,646	14%	1,715	10%	7,031	6,436	9%
Interest Expense	-954	-772	24%	-778	23%	-3,244	-3,118	4%
Net Interest Income	929	874	6%	937	-1%	3,787	3,317	14%
Fee Income	536	147	265%	329	63%	1,189	757	57%
Other Income	62	6	907%	17	255%	120	7	1734%
Total Income	1,526	1,027	49%	1,283	19%	5,095	4,081	25%
Employee expenses	-251	-110	128%	-214	17%	-816	-482	69%
Other operating expenses	-274	-84	226%	-221	24%	-693	-245	183%
Pre-provision Operating Profit	1,001	833	20%	848	18%	3,587	3,354	7%
Provisions & Write-offs	-3	59	-105%	-50	-94%	-89	-123	-28%
PBT	998	892	12%	797	25%	3,497	3,230	8%
Tax	-395	-317	25%	-261	51%	-1,253	-1,122	12%
PAT	603	576	5%	536	12%	2,244	2,108	6%
EPS (Rs)	* 7.67	* 7.35	4%	* 6.82	12%	28.53	28.69	-1%

* Not annualised

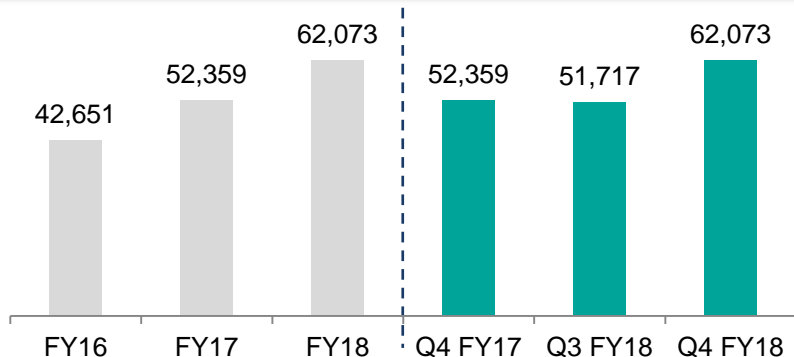
Q4 & FY18: Consolidated Balance Sheet

Particulars (Rs Mn)	March-18	March-17	YoY %
Equity & Liabilities			
Equity	21,371	19,028	12%
Borrowings	48,228	33,733	43%
Other Liabilities & Provisions	3,365	2,127	58%
Total Equity & Liabilities	72,964	54,888	33%
Assets			
Loans *	62,073	52,359	19%
Investments	7,931	961	726%
Cash & Bank Balances	1,278	651	96%
Other Assets	1,682	917	83%
Total Assets	72,964	54,888	33%
Leverage (Total Assets / Equity)	3.41	2.88	
Debt / Equity	2.26	1.77	
Book Value Per Share (Rs)	271.63	242.82	

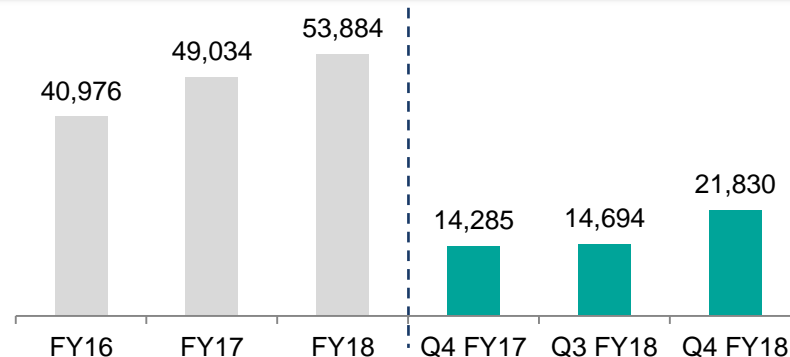
* Include investment in PTCs

Q4 & FY18: Consolidated Result Highlights

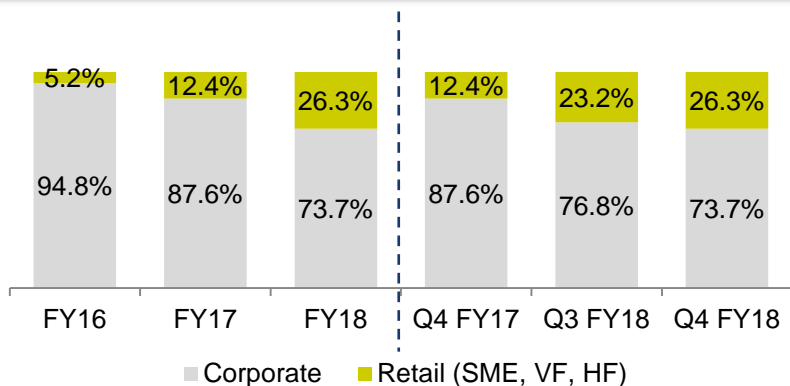
AUM (Rs Mn)



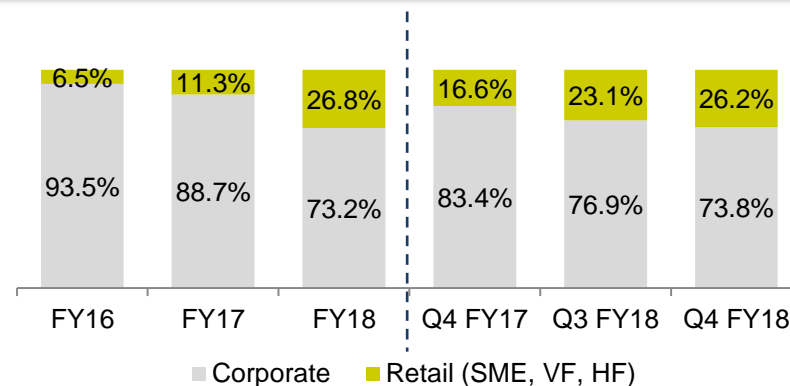
Gross Loan Disbursements (Rs Mn)



AUM Breakup: Corporate Vs. Retail (%)

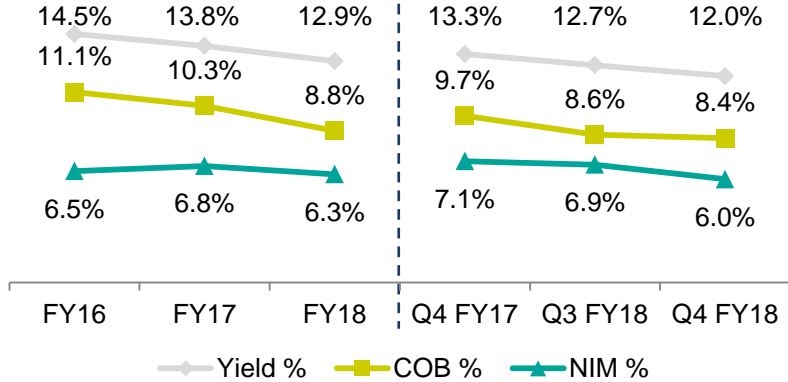


Disbursement Breakup: Corporate Vs. Retail (%)

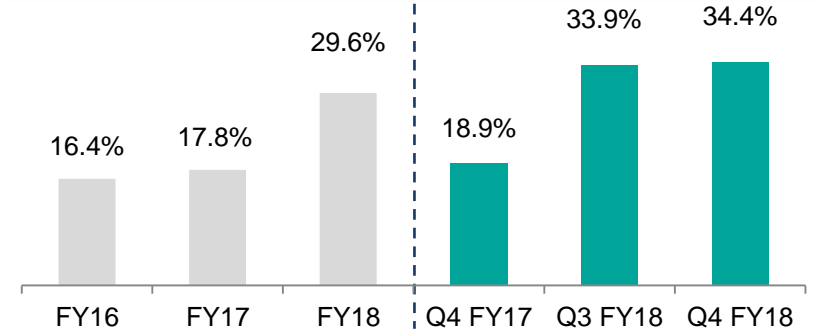


Q4 & FY18: Consolidated Result Highlights

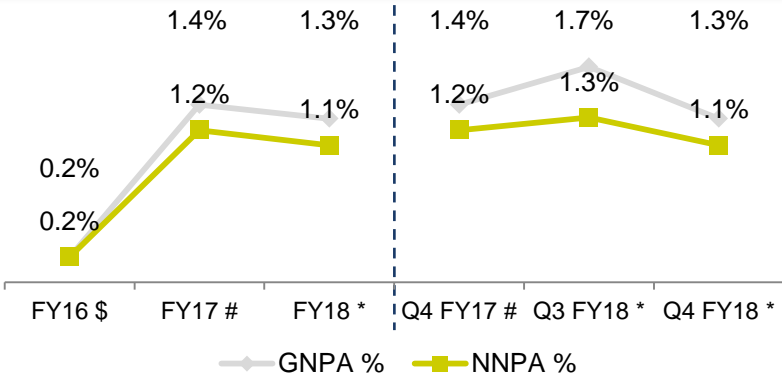
NIM Analysis (%)



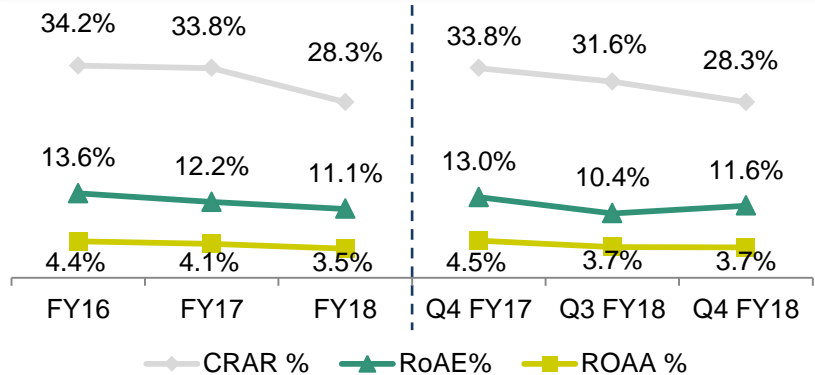
Cost to Income Ratio (%)



NPA Analysis (%)



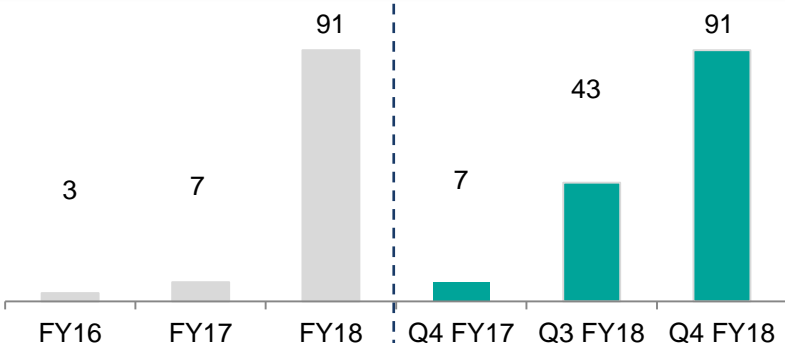
Return Ratios & Capital Adequacy (%)



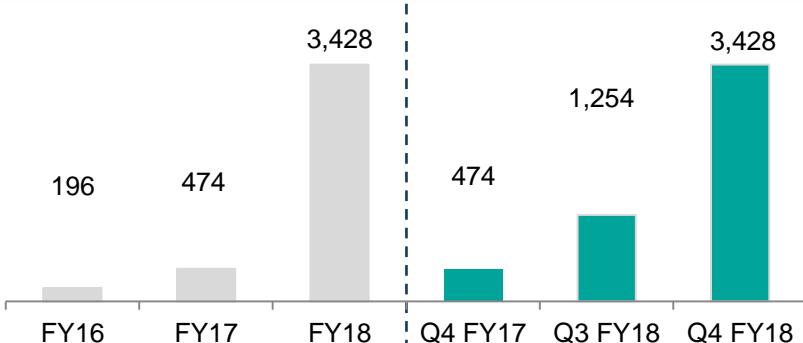
\$ 150 DPD # 120 DPD, * 90 DPD

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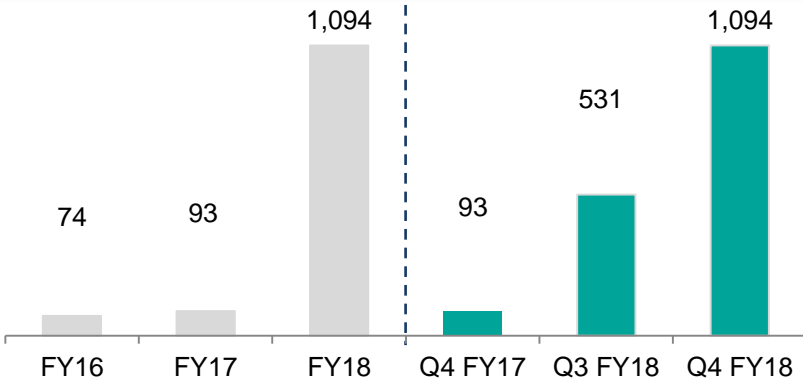
Number of Branches



Number of Customers

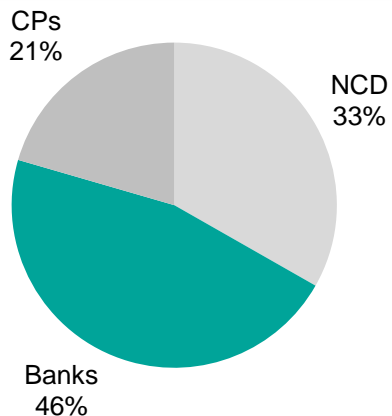


Number of Employees

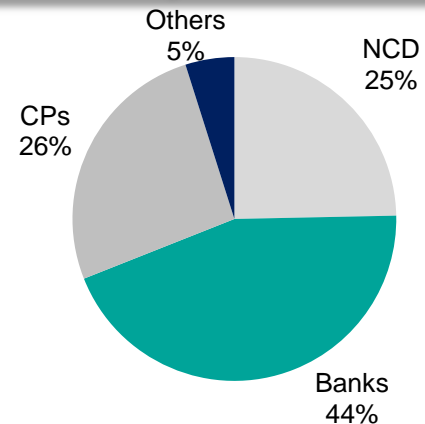


Q4 & FY18: Diversified Borrowing Profile

Borrowing Mix % - March 2017



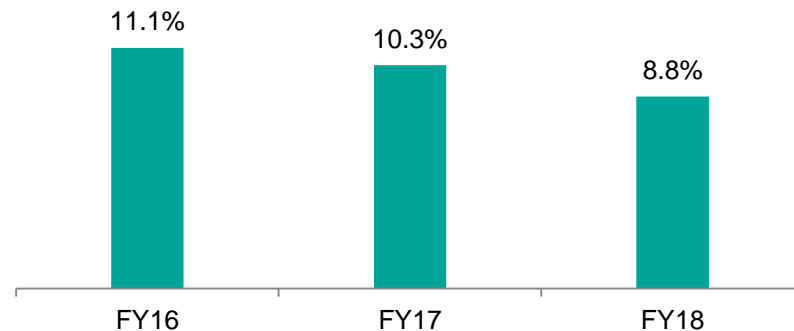
Borrowing Mix % - March 2018



Strong Credit Ratings

Borrowing Type	Rating Firm	FY18 - Ratings
Term Loans	INDIA RATINGS / CARE	AA (-)
Redeemable NCDs	INDIA RATINGS / CARE	AA (-)
CPs	CRISIL / CARE / ICRA	A1 (+)

Overall Cost of Borrowing (COB %)



For Further Queries:



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