



INDOSTAR CAPITAL FINANCE LIMITED

Q4 & FY20 Results Update

17 June 2020

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Note : The figures for the previous period have been adjusted, wherever considered necessary to conform with the financial reporting requirements.

Discussion Summary

- ❖ **Brookfield investment**
- ❖ Quarterly & Annual Results
- ❖ Covid Update
- ❖ Business Update
- ❖ Shareholding Structure

Strong Endorsement of IndoStar's Business Model, Management Capability and Quality of Retail Lending Franchise

- Brookfield has invested growth capital of ₹ 12,250 mn via equity shares and CCPS
- First Private Equity deal by Brookfield in the Indian Financial Services space
- Brookfield is a leading global alternative asset manager with AUM of USD 515 bn+
- Brookfield will become a Promoter, along with IndoStar Capital Mauritius and will have the ability to nominate two members to IndoStar's Board of Directors
- Open Offer launched on 16th June 2020

Brookfield investment expected to act as a catalyst for additional liquidity from banks

- IndoStar will have amongst the highest capital adequacy ratio within all the listed NBFCs
 - Pre equity infusion CAR of ~ 25% goes up to ~ 41% post equity infusion. Also, pre equity D/E of 2.5x goes down to 1.7x post Brookfield investment
- Since lockdown, IndoStar has been able to raise additional liquidity of ₹ 4,520 million, with further liquidity forthcoming
- Capital infusion will further assist in accessing bank borrowings as normal business environment returns
- Post equity infusion, the business is well capitalized to be resilient through the current environment and scale rapidly as we come out of the current crisis

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 disbursements of ₹ 9,300 mn 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 AUM 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

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Execution of Retailisation Theme

- Strong retail franchise ~ 71% of AUM (61% in Mar-19)
- Execution of ICICI partnership gaining momentum
 - AUM of ~ ₹ 7,500 mn
 - Monthly run rate of ~ ₹ 1,250 mn



Strong Capitalisation & Liquidity

- Comfortable liquidity - cash and equivalents ₹ 20,135 mn
- Full repayment of IIFL acquisition financing
- CRAR 25% ; As on date 41%;
- Debt: Equity ratio of 2.5x; As on date 1.7x



Financials

- Net Revenue from Operations ₹ 7,382 mn, +12% YoY
- Cost Income ratio – 42%
- Pre-provision Operating Profit ₹ 4,278 mn, +4% YoY
- Affirmative provisioning action

Provisioning - Ringfencing the portfolio

₹ crores



	Corporate Lending	CV Organic	CV IIFL	SME	Housing Finance	Total
ECL	47	39	(48) [*]	5	5	47
Write offs	127	7	110	26	-	270
ECL + Write Offs	174	46	62	31	5	317
Accelerated Write Offs	207	30	30	-	-	267
Total ECL + Write Offs	381	76	92	31	5	584
Covid Provision						280
Total FY 20						864

* Release towards loans written off

Q4 & FY20: Consolidated Profit & Loss Statement

Particulars (₹ mn)	Q4FY20	Q3 FY20	QoQ %	Q4FY19	YOY %	FY20	FY19	YoY %
Revenue from Operations	3,206	3,658	-12%	3,411	-6%	15,293	12,210	25%
Interest Expenses	(1,814)	(1,801)	1%	(1,639)	11%	(7,911)	(5,636)	40%
Net Revenue from Operations	1,391	1,856	-25%	1,772	-21%	7,382	6,574	12%
People Costs	502	437	15%	385	30%	1,887	1,496	26%
Operating Expenses	311	309	1%	271	15%	1,217	972	25%
Pre-provision Operating Profit	578	1,110	-48%	1,116	-48%	4,278	4,107	4%
Credit Costs	6,207	1,107	461%	-73	n.a.	8,644	163	5215%
One off Charges	-	-	n.a.	-	n.a.	-	154	n.a.
Profit before Tax	-5,629	3	n.a.	1,190	-573%	-4,367	3,790	-215%
Tax	-1,416	0	n.a.	450	-414%	-1,120	1,383	-181%
Profit after Tax	-4,214	2	n.a.	739	-670%	-3,246	2,407	-235%

Key Metrics	Q4FY20	Q3 FY20	Q4FY19	FY20	FY19
Yield	13.9%	14.5%	12.9%	14.6%	13.4%
Cost of Borrowings	10.6%	10.6%	9.7%	10.5%	9.5%
Spread	3.3%	3.9%	3.2%	4.1%	3.9%
NIM	6.2%	7.4%	6.7%	7.0%	7.2%
Cost to Income	58.5%	40.2%	37.0%	42.1%	37.5%

Consolidated Balance Sheet

Particulars (₹ mn)	Mar-20	Dec-19	QoQ %	Mar-19	YoY %
Equity	26,806	30,953	-13%	30,063	-11%
Borrowings	66,798	63,541	5%	89,357	-25%
Other Liabilities				706	
Total Liabilities	93,603	94,494	-1%	120,126	-22%
Loan Assets	78,019	84,352	-8%	102,222	-24%
Treasury Assets	7,756	5,591	39%	14,201	-45%
Fixed Assets & Goodwill	4,214	4,383	-4%	3,704	14%
Other Assets	3,615	168			
Total Assets	93,603	94,494	-1%	120,126	-22%

Key Ratios	Q4FY20	Q3 FY20	Q4FY19
ROAA *	-18.3%	0.0%	2.8%
Leverage	3.5x	3.1x	4.0x
ROAE *	-58.4%	0.0%	10.0%

* Annualised

Q4FY20: Business Segment Performance

Particulars (₹ mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated [^]
Revenue from Operations	1,077	1,327	428	261	3,206
Interest Expenses	(610)	(630)	(266)	(141)	(1,814)
Net Interest Income	467	697	162	119	1,391
People Costs	27	193	44	63	502
Operating Expenses	8	152	31	36	311
Pre-provision Operating Profit	431	352	87	20	578
Credit Costs*	2,410	901	63	51	6,207 &
Profit Before Tax	-1,978	-549	24	-30	-5,629

Particulars (₹ mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated [^]
Equity #	8,934	9,455	4,161	2,329	26,806
Borrowings	20,958	26,094	9,760	5,463	66,798
Total Liabilities	29,891	35,549	13,921	7,791	93,603
Loan Assets	28,687	31,272	13,360	7,477	78,019
Treasury Assets	-	-	-	-	7,756
Fixed Assets & Goodwill	-	3,002	-	-	4,214
Other Assets	1,205	1,275	561	314	3,615
Total Assets	29,891	35,549	13,921	7,791	93,603

& Covid provision not allocated between segments

* Credit costs are expected loss provisions computed under IndAS plus write offs # Allocated

[^] Total of Segmental numbers does not tally with consolidated figures as costs of common functions are not shown under lending segments

FY20: Business Segment Performance

Particulars (₹ Mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated [^]
Revenue from Operations	5,534	6,099	2,136	984	15,293
Interest Expenses	(2,930)	(2,560)	(1,181)	(498)	(7,911)
Net Interest Income	2,604	3,539	955	486	7,382
People Costs	158	878	181	237	1,887
Operating Expenses	20	553	120	116	1,217
Pre-provision Operating Profit	2,426	2,108	654	133	4,278
Credit Costs *	3,812	1,679	308	63	8,644 ^{&}
Profit Before Tax	-1,386	429	346	70	-4,367

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Equity #	8,934	9,455	4,161	2,329	26,806
Borrowings	20,958	26,094	9,760	5,463	66,798
Total Liabilities	29,891	35,549	13,921	7,791	93,603
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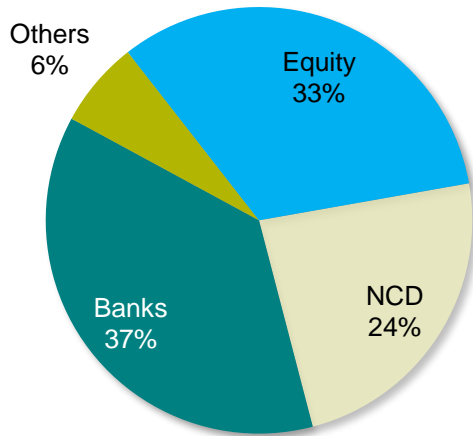
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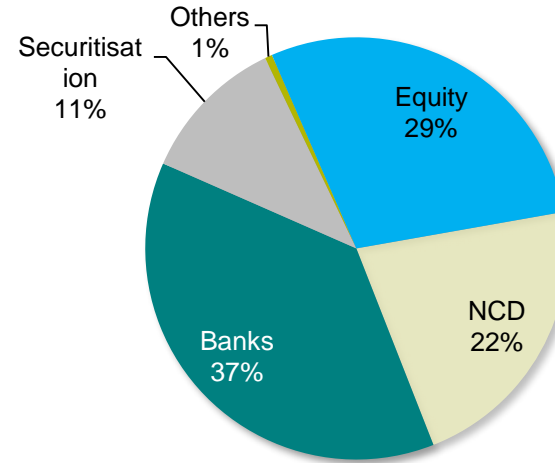
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Diversified Funding Profile

Funding Mix - Dec 2019



Funding Mix - Mar 2020



Incremental Funding mobilized

₹ mn	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Total
Banks	4,420	4,276	1,501	2,500	12,697
Markets	-	-	250	-	250
Assignments	1,224	2,965	238	-	4,427
Securitisation	2,400	2,120	2,042	6,022	12,584
Total	8,044	9,361	4,031	8,522	29,959

Strong Credit Ratings

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

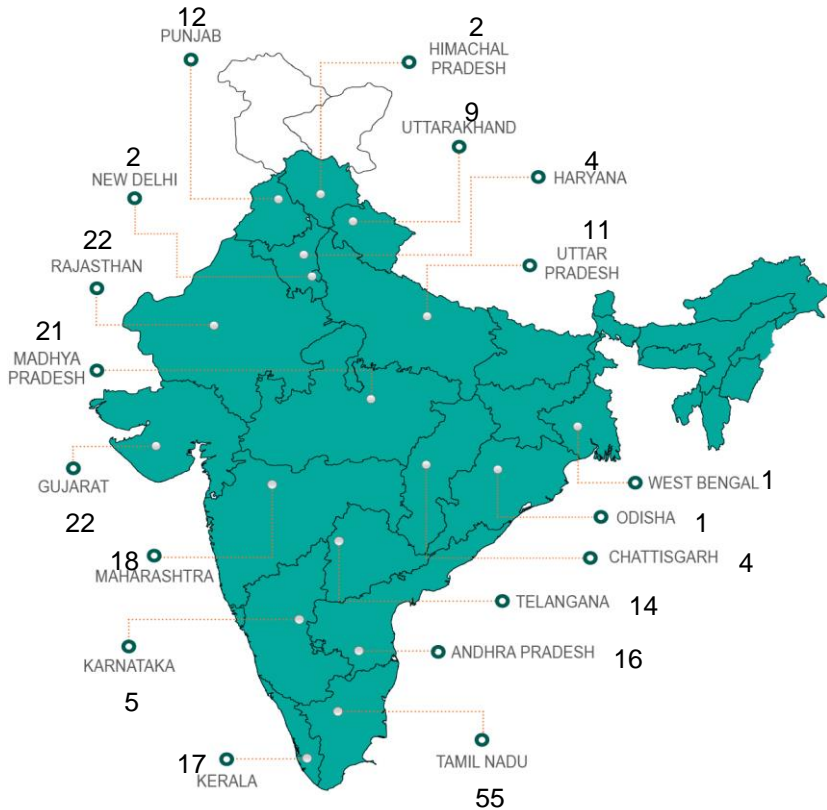
Strong Liquidity Position

Particulars (₹ mn)	Jun-20	Q2FY21	Q3FY21	Q4FY21
Opening Cash & Equivalents*	20,135	16,760	13,984	14,720
Loan repayment inflows [Principal]	163	1,000	4,426	5,310
Total Inflow	20,298	17,760	18,410	20,030
Liability Repayment [Principal]				
NCDs	250	-	250	3,576
Term Loans & Others	3,288	3,777	3,440	4,175
ICDs	-	-	-	-
Total Outflow	3,538	3,777	3,690	7,751
Closing Cash and equivalents	16,760	13,984	14,720	12,279

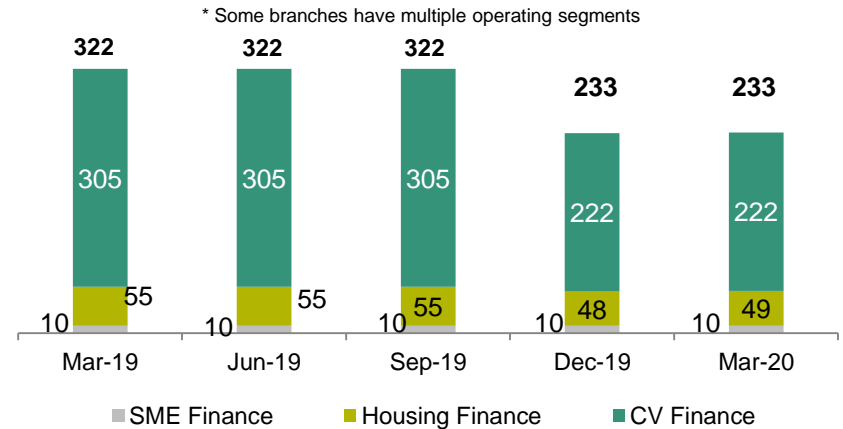
Particulars (₹ mn)	May-20
Cash and bank Balance	612
Liquid Investment	
MFs	14,400
Term Deposits	1,141
Undrawn Banks Lines	3,984
Total Cash & Equivalents *	20,135

- ✓ Incremental funds raised ₹ 4,520 since lockdown
- ✓ Positive ALM across all buckets through to FY21

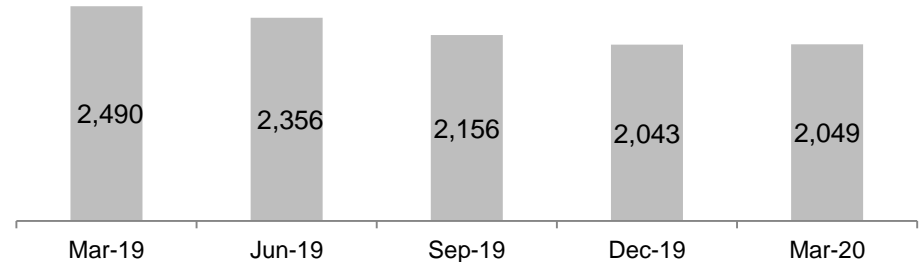
Post integration branch rationalisation on course



233 branches across 18 states

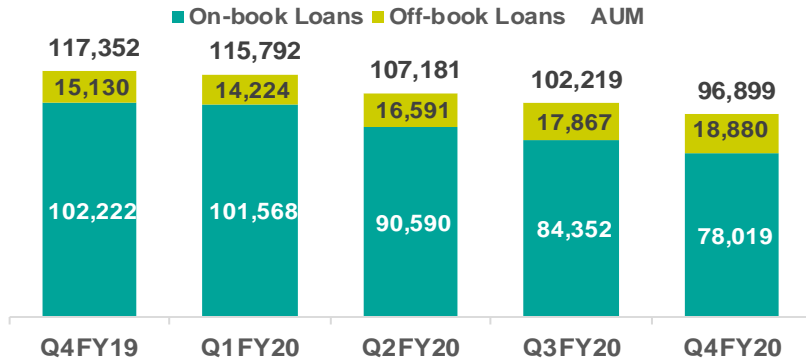


Retail Lending - Employee Base

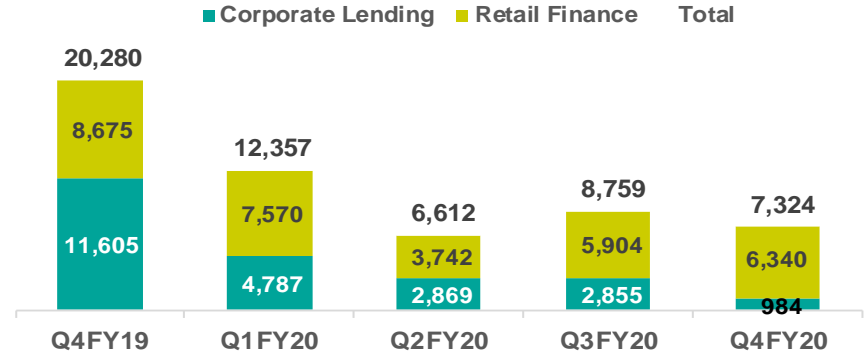


Quarterly Performance Trend (1/2)

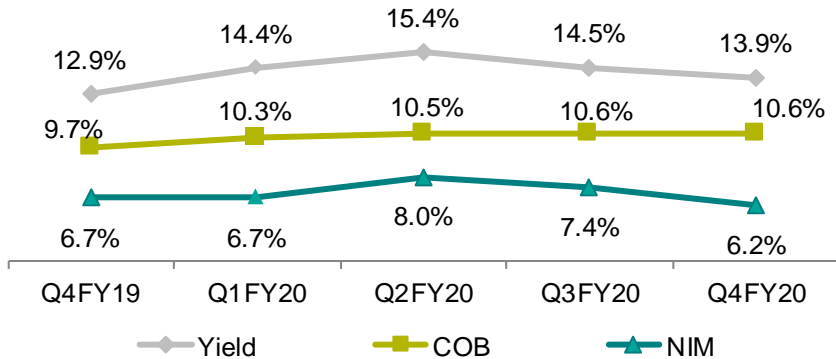
AUM (₹ mn)



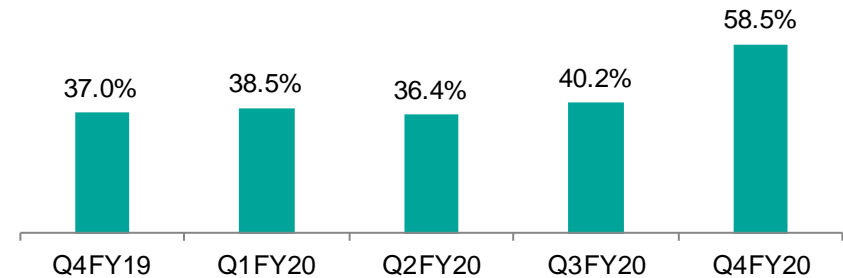
Loan Disbursements (₹ mn)



Margin Analysis (%)

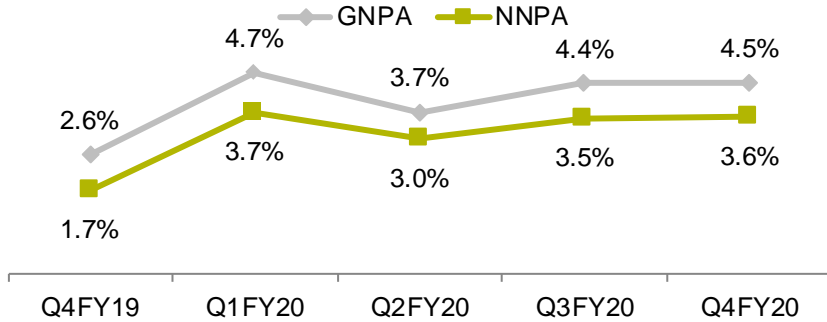


Cost to Income Ratio (%)



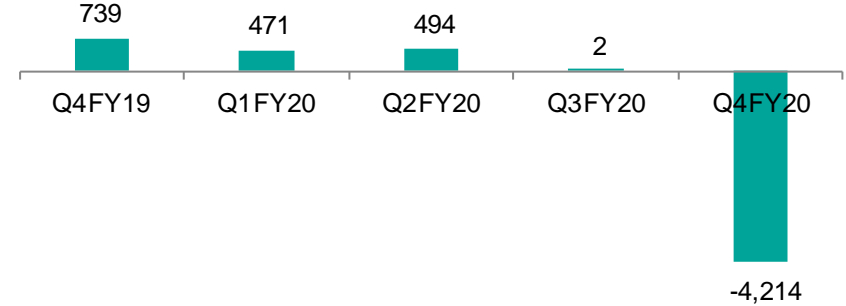
Quarterly Performance Trend (2/2)

NPA *

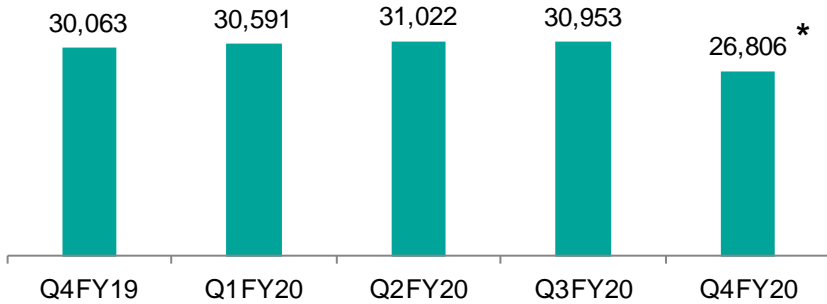


* GNPA & NNPA represents Stage 3 Assets

PAT (₹ mn)

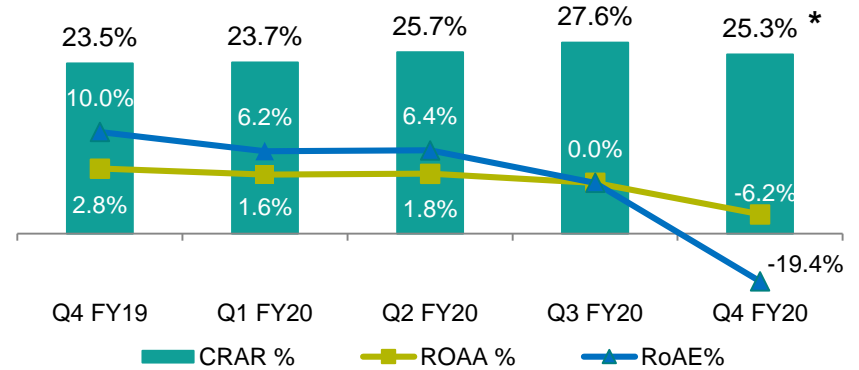


Net worth (₹ mn)



* Post capital infusion ₹ 39,056

Return Ratios^ & Capital Adequacy (%)



* Post capital infusion 41%

^ Annualized

Asset Quality : Continuing reduction in Retail NPAs

Gross NPA (₹ mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Corporate Lending	-	1,546	1,546	1,546	1,546
CV Finance	2,226	2,651	1,411	1,946	1,805
SME Finance	545	677	437	267	237
Housing Finance	7	19	26	51	63
Total	2,778	4,893	3,420	3,811	3,652

Net NPA (₹ mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Corporate Lending		1,391	1,391	1,391	1,237
CV Finance	887	1,856	988	1,363	1,419
SME Finance	152	548	354	217	187
Housing Finance	2	16	21	41	50
Total	1,041	3,811	2,753	3,011	2,893

✓ 97% provision coverage including Covid provision

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- ❖ **Covid Update**
- ❖ Business Update
- ❖ Shareholding Structure

Priorities during lockdown : Employee Safety, Liquidity , Moratorium, Soft Collections

- All branches closed to ensure employee and customer safety
 - 190 branches open as on date
- Active discussions with bankers/institutions to raise liquidity
 - Total borrowings of INR 452 crores (including INR 100 crores in IndoStar HFC) since lockdown
- Closure of Brookfield transaction and equity infusion
 - INR 1225 crores infused on May 27, 2020
- Moratorium policy dissemination and implementation
 - 100% collection from non-moratorium customers
- Soft collections continued with emphasis on reduction of customer overdues
 - Non-NPA buckets saw 2-3% improvement

2/3rd of portfolio AUM in most affected states

State	CL	CV	SME	AHF	Total
Maharashtra	76%	11%	29%	23%	36%
Gujarat	3%	7%	16%	6%	7%
Delhi	6%	19%	6%	35%	14%
Tamilnadu	1%	8%	9%	9%	6%
Madhya Pradesh	0%	7%	3%	0%	3%
Total	86%	52%	63%	73%	66%

Close to 90% customers in value opted for moratorium 1.0

	% customers opting for moratorium (Nos)	% customers opting for moratorium (Value) *	% Collections in April-May from non-moratorium customers
Corporate Lending	84%	90%	100%
CV	75%	88%	100%
SME	92%	92%	100%
AHF	87%	85%	100%

* 89% on overall value

- Key features of moratorium 1.0 policy :
 - All non-NPA customers received moratorium till May 2020
 - Customers had the option to opt out of moratorium
 - March 2020 EMI payments to be adjusted against June 2020 billing
- Key features of moratorium 2.0 policy:
 - Those customers who cannot pay due to Covid related business disruption receive moratorium
 - Flexibility to grant moratorium from 1-3 months

Portfolio quality improvement with focus on overdue collections during lockdown

Days Past Due	CV		SME		AHF	
	Mar 2020	May 2020	Mar 2020	May 2020	Mar 2020	May 2020
All in % *						
Current	56	61	85	87	98.1	98.3
0-30	16	14	7	6	0.7	0.5
31-60	13	11	5	4	0.2	0.2
61-90	6	5	2	2	0.2	0.2

* All % at AUM level

Business Outlook

Cash flow impact prominent in case of CV finance customers till May 2020- Steady improvement expected as vehicles start plying from May/June

Significant contraction expected in demand for new commercial vehicles- HCVs as well as LCVs

Subdued economic activity and disruptions in labor market will put pressure on the economics of fleet operators

Scrappage policy and introduction of BS VI norms likely to increase demand for Used CV

Weak disbursals expected in the next 6 month

IndoStar Position

Focus on customer contact and collections with effort to reduce overdues during moratorium

Used CV financing constitutes close to 50% of IndoStar's CV financing AUM

IndoStar's exposure to fleet operators is only 8% of the CV financing AUM

IndoStar is well positioned to take advantage of expansion in Used CV market with over 75% of incremental disbursals expected to be in Used CV financing- Immediate opportunity to lend ~INR 100 crores under Emergency Credit Guarantee Scheme

Acceleration of digitization of lending processes underway- expected to be completed in the next 3-6 months

Business Outlook

Cash flow impact prominent in cash salaried and self employed/small business (non-essential goods and services) borrower segments

Delinquencies likely to see increase over the next 6-9 months

Subdued construction activity with supply chain disruptions including labor shortage

Weak Home Loan disbursements expected for the next 6 months

Property prices likely to trend downwards

Assessed income segment likely to face impact with limitations on customer meetings

IndoStar Position

Focus on customer contact and collections with effort to reduce overdues during moratorium

New business to focus more on self construction proposals with lower ticket sizes ~ INR 6-8 lacs

Effort to maintain AUM by disbursing in select geographies on the basis of newly developed “Customer Resilience Scorecard”

IndoStar’s portfolio LTV at origination is at 60% providing cushion against unfavourable property price movements

Acceleration of digitization of lending processes underway- expected to be completed in the next 3-6 months

Business Outlook

SME segment to face sharp impact due to lockdown, supply chain disruption, short term demand contraction, stretched debtor cycle and margin pressure

Delinquency likely to stay elevated over the next 6-9 months particularly for higher ticket sizes

Property prices likely to trend downwards

Higher ticket size loans particularly with Lease Rental discounting (LRD) to face pressure

New disbursements are likely to be subdued with uncertainty around demand and assessment of credit quality

IndoStar Position

Focus on customer contact and collections with effort to reduce overdues during moratorium

Over 60% of AUM assigned/secured

94% of portfolio under SARFAESI coverage

Portfolio ticket size of INR 1.1 crore with LTV at origination of about 65% with Gross NPA ~1%

30% portfolio exposure to commercial properties with virtually no exposure to LRD

Immediate opportunity of ~INR 100 crores to lend under Emergency Credit Guarantee scheme

Acceleration of digitization of lending processes underway- expected to be completed in the next 3-6 months

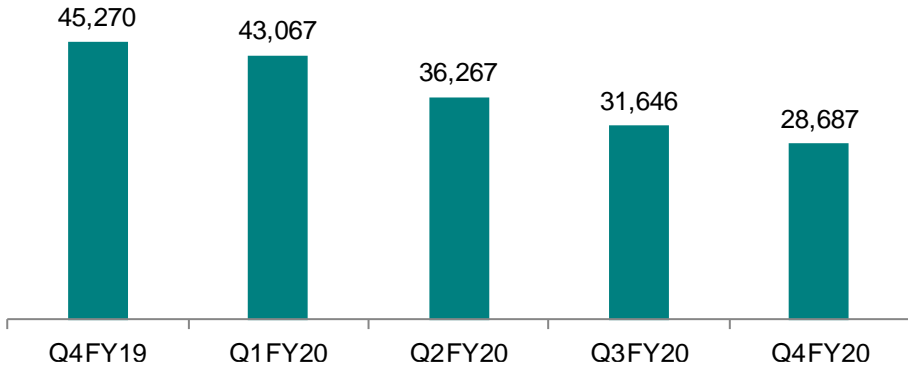
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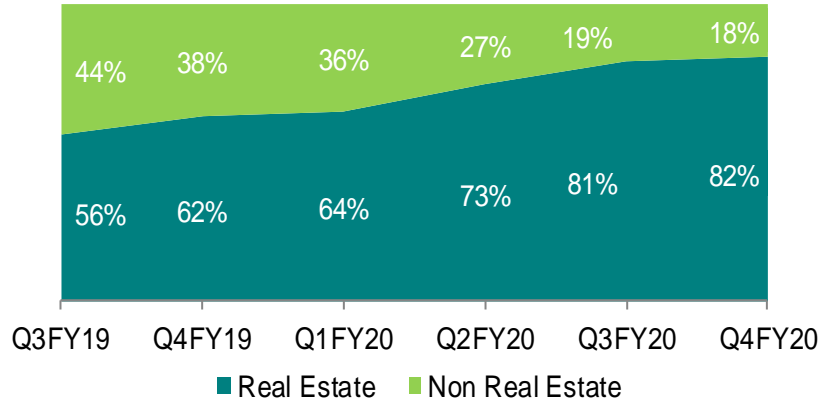
Corporate Lending : Cautious approach continues (1/3)



Corporate Lending AUM (₹ mn)



AUM Breakup: RE vs. Non-RE



- Continued reduction in AUM ~ ₹ 24bn over Jun-18

Corporate Lending: Profit and Loss (2/3)

Particulars (₹ mn)	Q4 FY 19	Q1 FY 20	Q2 FY 20	Q3 FY 20	Q4 FY 20
Revenue from Operations	1,817	1,676	1,494	1,288	1,077
Interest Expenses	(790)	(883)	(789)	(648)	(610)
Net Interest Income	1,028	793	704	640	467
People Costs	108	49	42	40	27
Operating Expenses	1	1	2	9	8
Pre-provision Operating Profit	918	743	661	591	431
Credit Costs *	-121	59	581	763	2,410
Profit before Tax	1,039	685	81	-172	-1,978
Loan Assets	45,270	43,067	36,267	31,646	28,687
Equity [^]	11,329	11,940	10,866	10,790	8,934

* Credit costs are expected loss provisions computed under Ind AS plus write offs

[^] Allocated

Corporate Lending : Key ratios (3/3)

	Q4 FY 19	Q1 FY 20	Q2 FY 20	Q3 FY 20	Q4 FY 20
Revenue from Operations *	15.6%	14.7%	14.9%	14.7%	14.3%
Net Interest Income *	8.8%	6.9%	7.0%	7.3%	6.2%
Operating Expenses *	0.9%	0.4%	0.4%	0.6%	0.5%
Cost / Income	10.7%	6.2%	6.1%	7.7%	7.7%
Pre-provision Operating Profit *	7.9%	6.5%	6.6%	6.7%	5.7%
Credit Costs	-1.0%	0.5%	5.8%	8.7%	31.9%
GNPA	0.0%	3.5%	4.2%	4.8%	5.4%
NNPA	0.0%	3.2%	3.8%	4.4%	4.4%
ROAA ^	5.5%	4.0%	0.2%	-1.8%	-19.4%
Leverage	4.0x	3.8x	3.5x	3.1x	3.1x
ROAE ^	21.8%	15.2%	0.8%	-5.5%	-59.5%

✓ Crystallisation of write-offs impact profitability in Q4FY20

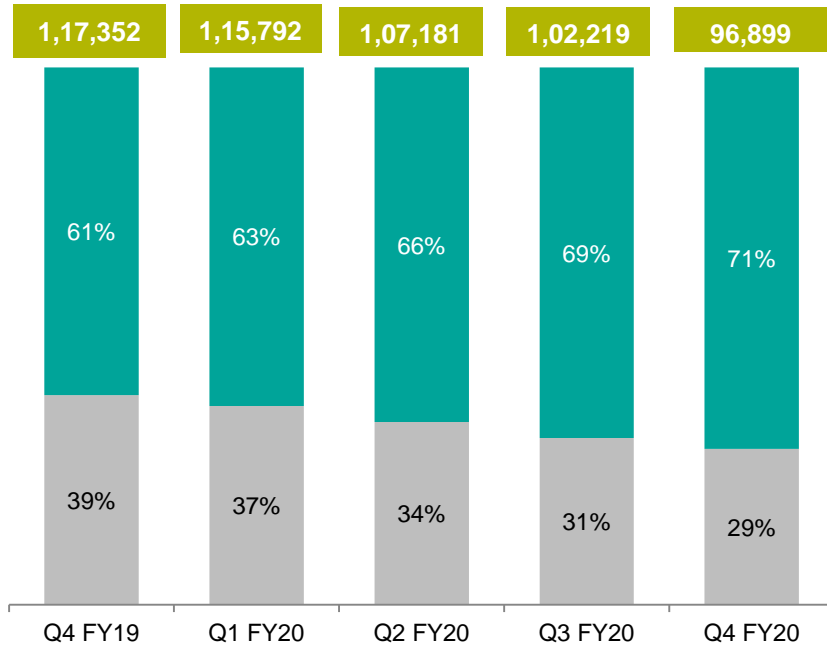
✓ AUM reduction to continue

* On daily average basis

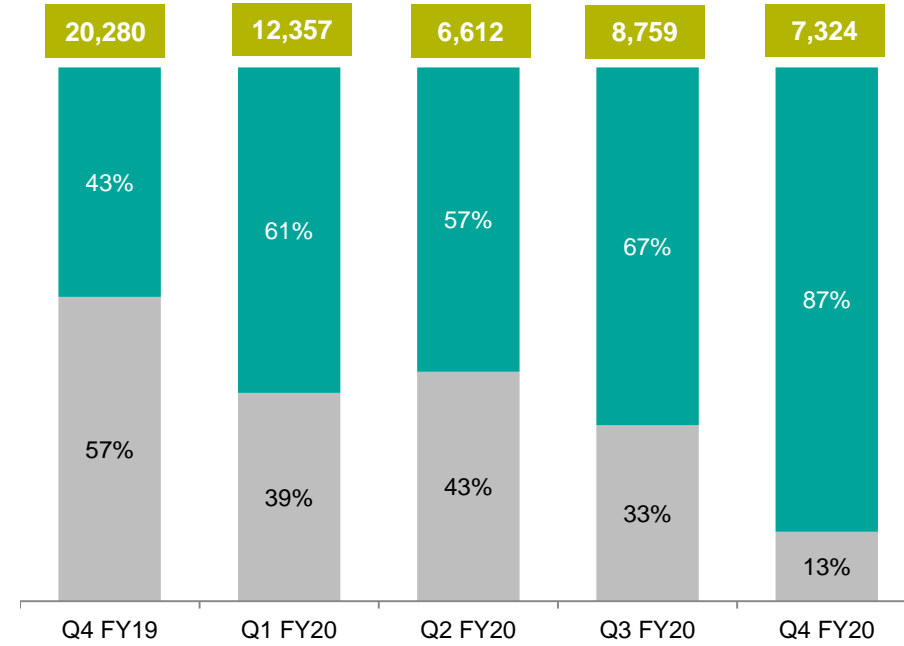
^ Annualized

Retailisation Strategy On track

AUM: CL vs Retail (%)



Disbursements: CL vs Retail (%)

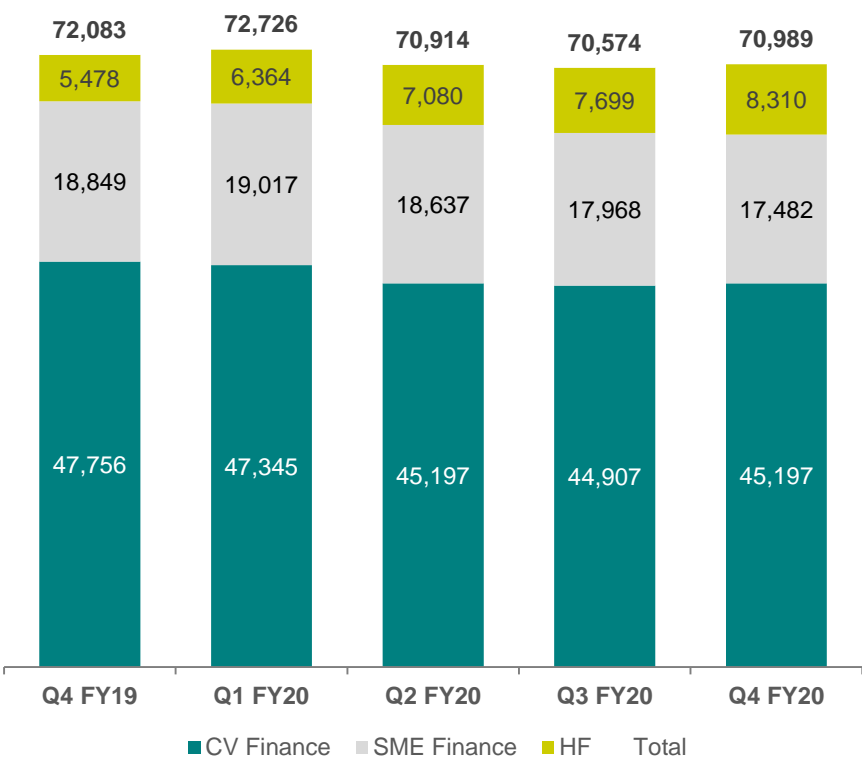


■ Total AUM (₹ Mn) ■ CL ■ Retail (CV Finance, SME , HF)

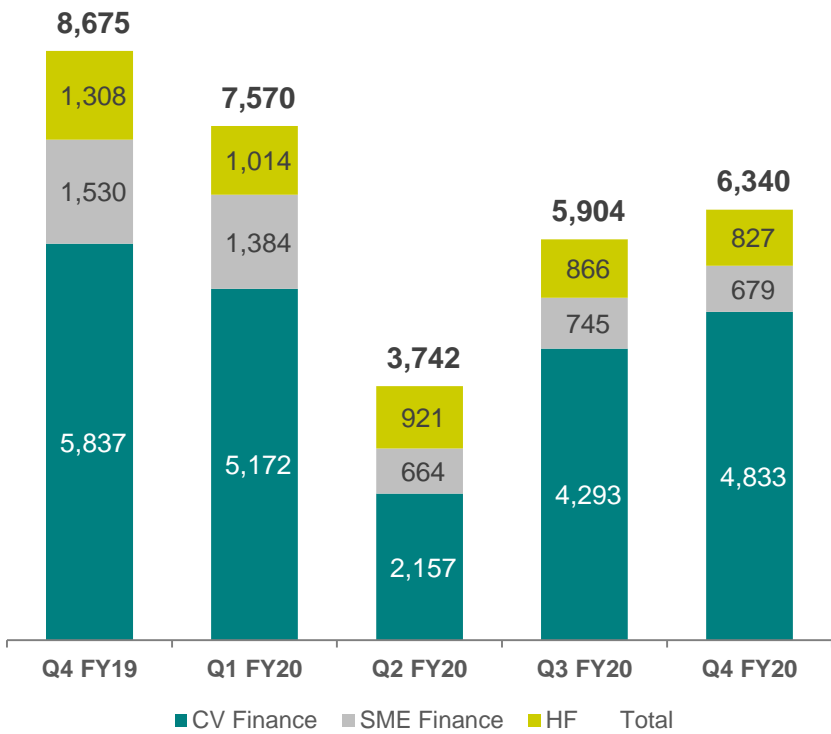
■ Total Disbursements (₹ Mn) ■ CL ■ Retail (CV Finance, SME , HF)

Calibration in Retail Business Volumes

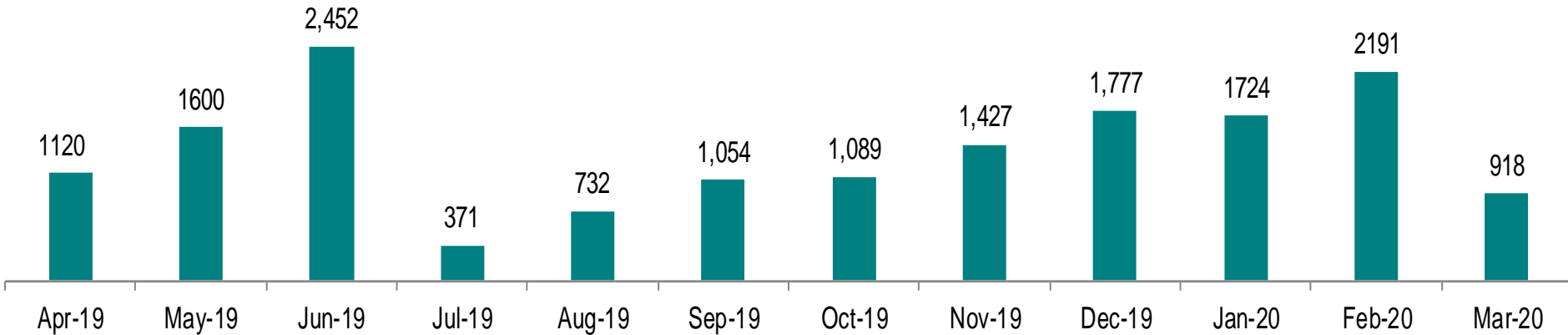
Retail AUM (₹ mn)



Retail Disbursements (₹ mn)



CV Finance – Monthly Disbursement Trend (₹ mn)



✓ CV Finance AUM ₹ 45,197 mn

✓ Loans disbursed under ICICI Bank tie-up in Q4FY20 ₹ 2,948 mn

✓ Loans assigned / securitised ₹ 3,034 mn

CV Finance : Profit and Loss (2/3)

Particulars (₹ mn)	Q4 FY 19	Q1 FY 20	Q2FY20	Q3FY20	Q4FY20
Revenue from Operations	542	1,506	1,681	1,585	1,327
Interest Expenses	(204)	(673)	(643)	(613)	630
Net Interest Income	338	833	1,038	971	697
People Costs	149	255	225	206	193
Operating Expenses	115	139	144	119	152
Pre-provision Operating Profit	75	439	670	647	352
Credit Costs	68	484	42	252	901
Profit before Tax	7	(45)	628	394	(549)
Loan Assets	34,328	35,895	34,128	32,374	31,272
Equity[^]	8,591	10,154	9,912	10,854	9,455

[^] Allocated

CV Finance : Key ratios (3/3)

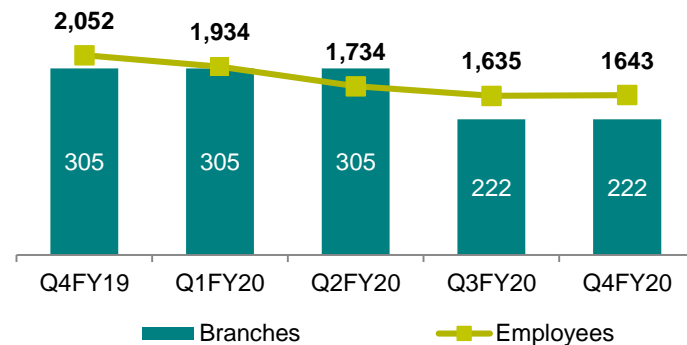
	Q4 FY 19	Q1 FY 20	Q2FY20	Q3FY20	Q4FY20
Revenue from Operations *	18.7%	16.6%	18.4%	18.4%	16.1%
Net Interest Income *	11.6%	9.2%	11.4%	11.3%	8.5%
Operating Expenses *	9.1%	4.3%	4.0%	3.8%	4.2%
Cost / Income	77.8%	47.2%	35.5%	33.4%	49.5%
Pre-provision Operating Profit *	2.6%	4.8%	7.3%	7.5%	4.3%
Credit Costs	2.3%	5.3%	0.5%	2.9%	11.0%
GNPA	6.1%^{&}	7.0%^{&}	4.0%^{&}	5.7%^{&}	5.6%^{&}
NNPA	3.8%^{&}	5.0%^{&}	2.8%^{&}	4.1%^{&}	4.4%^{&}
ROAA[^]	0.1%	-0.3%	5.6%	4.1%	-5.1%
Leverage	3.8x	3.9x	3.8x	3.5x	3.3x
ROAE[^]	0.2%	-1.3%	21.3%	14.4%	-16.6%

[&] Gross and Net NPA (excluding IIFL) for Q4FY19 0.4% & 0.3%; Q1FY20 1.0% & 0.7%; Q2FY20 1.3% & 0.9%; Q3FY20 3.4% & 2.4%; Q4FY20 2.7% & 2.0%

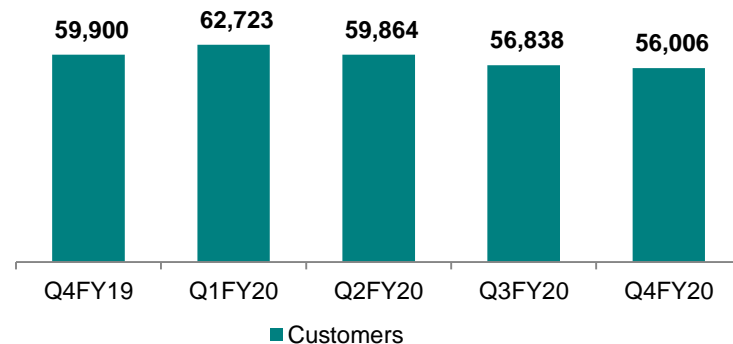
* On daily average basis

[^] Annualized

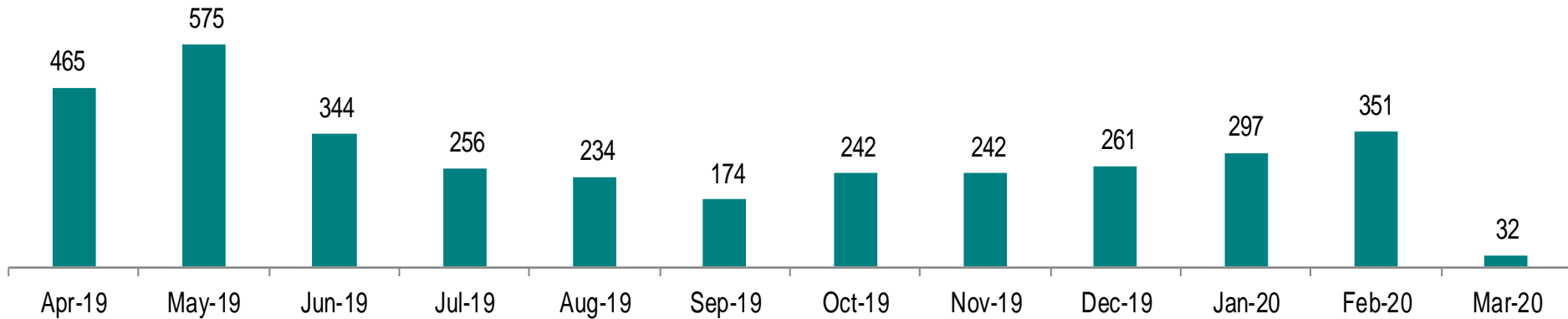
Branches & Employees



Customer Count



SME Finance – Monthly Disbursement Trend (₹ mn)



✓ Disbursement during Q4FY20 ₹ 679 mn

✓ Loans assigned / securitised ₹ 2,988 mn

Particulars (₹ mn)	Q4 FY 19	Q1 FY 20	Q2 FY 20	Q3 FY 20	Q4 FY 20
Revenue from Operations	585	587	679	441	428
Interest Expenses	(309)	(341)	(314)	(260)	(266)
Net Interest Income	276	247	365	181	162
People Costs	38	46	47	45	44
Operating Expenses	23	24	32	33	31
Pre-provision Operating Profit	214	177	287	103	87
Credit Costs	-26	61	98	85	63
Profit before Tax	240	115	189	17	24
Loan Assets	17,385	16,704	14,069	13,513	13,360
Equity [^]	4,351	4,631	4,215	4,607	4,161

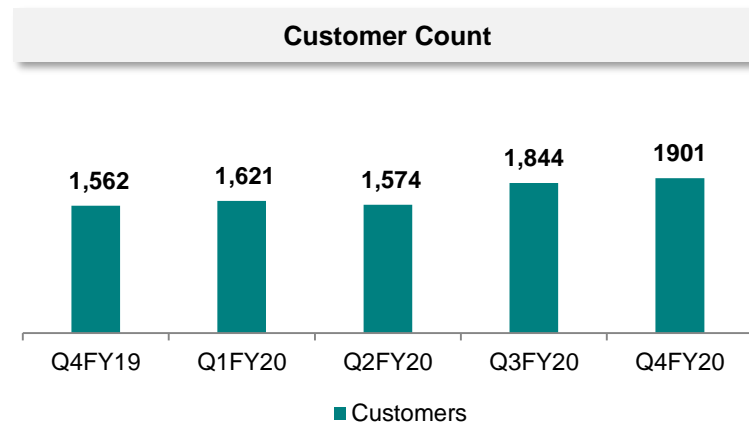
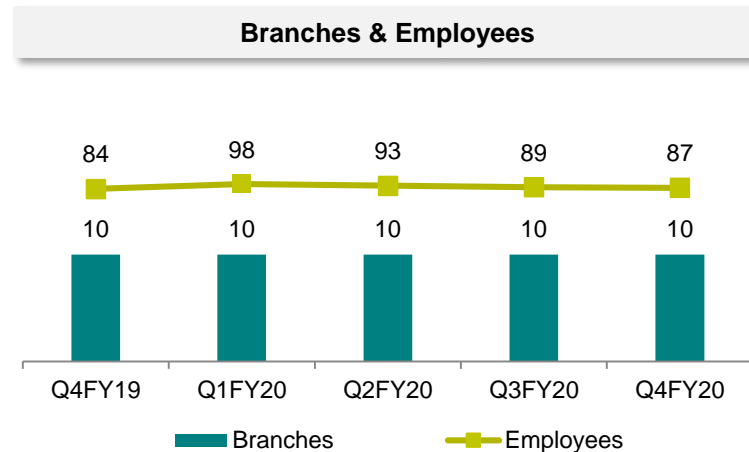
[^] Allocated

SME Finance : Key ratios (3/3)

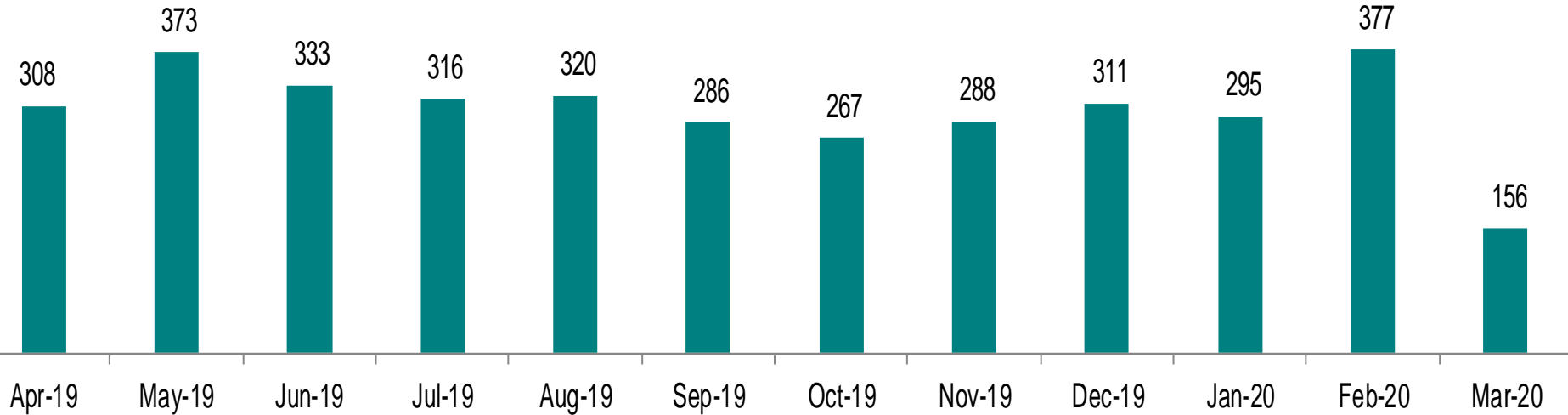
	Q4 FY 19	Q1 FY 20	Q2 FY 20	Q3 FY 20	Q4 FY 20
Revenue from Operations *	13.3%	13.6%	17.1%	12.9%	13.0%
Net Interest Income *	6.3%	5.7%	9.2%	5.3%	4.9%
Operating Expenses *	1.4%	1.6%	2.0%	2.3%	2.3%
Cost / Income	22.3%	28.4%	21.5%	43.1%	46.1%
Pre-provision Operating Profit *	4.9%	4.1%	7.2%	3.0%	2.7%
Credit Costs	-0.6%	1.4%	2.5%	2.5%	1.9%
GNPA	3.1%	4.0%	3.1%	2.0%	1.8%
NNPA	2.1%	3.3%	2.5%	1.6%	1.4%
ROAA[^]	3.3%	1.8%	3.5%	0.5%	0.7%
Leverage	3.5x	3.8x	3.5x	3.1x	3.1x
ROAE[^]	11.5%	6.8%	12.1%	1.4%	2.1%

* On daily average basis

[^] Annualized



Housing Finance – Monthly Disbursement Trend (₹ mn)



✓ Q4FY20 disbursements ₹ 828 mn

✓ Impeccable portfolio quality with GNPA 0.85%

Housing Finance: Profit and Loss (2/3)

Particulars (₹ mn)	Q4 FY 19	Q1 FY 20	Q2FY20	Q3FY20	Q4FY20
Revenue from Operations	189	220	259	245	261
Interest Expenses	(84)	(112)	(124)	(121)	(141)
Net Interest Income	105	108	134	124	119
People Costs	28	55	60	58	63
Operating Expenses	28	24	25	31	36
Pre-provision Operating Profit	49	28	49	36	20
Credit Costs	4	4	2	6	51
Profit before Tax	45	24	47	30	-30
Loan Assets	5,239	5,903	6,126	6,819	7,477
Equity[^]	1,311	1,637	1,835	2,325	2,329

[^] Allocated

Housing Finance : Key ratios (3/3)

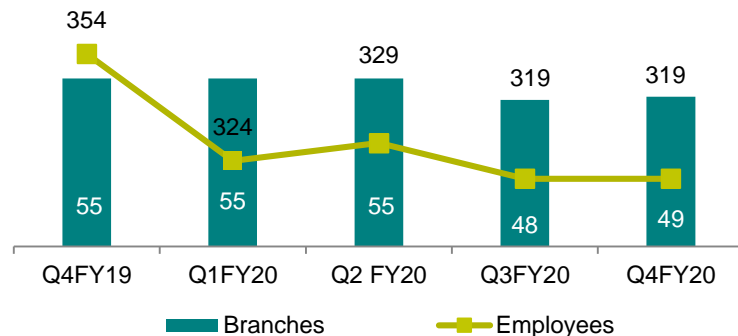
	Q4 FY 19	Q1 FY 20	Q2FY20	Q3FY20	Q4FY20
Revenue from Operations *	15.8%	15.7%	16.5%	15.3%	14.6%
Net Interest Income *	8.8%	7.7%	8.6%	7.8%	6.7%
Operating Expenses *	4.7%	5.7%	5.4%	5.5%	5.6%
Cost / Income	53.2%	74.1%	63.4%	71.1%	83.0%
Pre-provision Operating Profit *	4.1%	2.0%	3.1%	2.2%	1.1%
Credit Costs	0.4%	0.3%	0.1%	0.4%	2.9%
GNPA	0.10%	0.31%	0.43%	0.75%	0.85%
NNPA	0.10%	0.27%	0.34%	0.60%	0.68%
ROAA [^]	3.7%	6.9% [#]	1.5%	1.7%	-1.5%
Leverage	3.6x	3.8x	3.5x	3.1x	3.1x
ROAE [^]	13.3%	26.0% [#]	5.3%	5.2%	-4.6%

ROAA & ROAE – reflects impact of one-off tax credit ₹ 76 mn

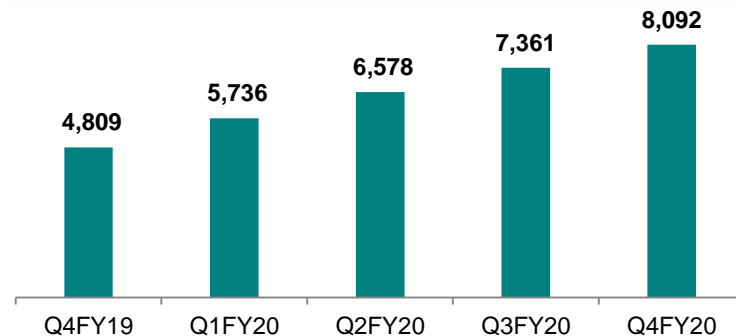
* On daily average basis

[^] Annualized

Branches & Employees



Customer Count



Our Recent Past

- ✓ Prudence in wholesale lending and reduction in wholesale portfolio
- ✓ Building of retail infra & team across multiple segments – CV, SME and Housing

Present Situation

- ✓ Differentiated position on capital and liquidity
- ✓ Normalizing Covid impact
- ✓ Prudent cost management
- ✓ Significantly favorable competitive position

Future : Next 2 years

- ✓ Sector outlook: Calibrated organic growth across retail segments
- ✓ Opportunistic tuck in M&A
- ✓ Alignment for long term value creation

Entrepreneurial Leadership Team 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 (8.3% of diluted shares)



R. Sridhar
Executive VC
& CEO

- 30+ years of experience in financial services industry
- Previously associated with various entities forming part of the Shriram group
- Previously served as the MD of Shriram Transport Finance Company



Shailesh Shirali
Whole Time
Director
Head – Corporate
Lending and
Markets

- 20+ years of experience in the financial services sector
- Previously worked at Future Capital Holdings, Rabo Bank, ICICI & Merrill Lynch



Prashant Joshi
Chief Operating
Officer

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



Pankaj Thapar
Director - Strategy

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



Amol Joshi
CFO

- 20+ years of leadership experience across all areas of finance in Banks and NBFCs
- Previously worked with Citicorp, Standard Chartered Bank, Amex and L&T Financial Services



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



Hansraj Thakur
Business Head
SME Finance

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



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

Entrepreneurial Leadership Team with Strong Sponsor Backing



Siva S.
National Credit
Head – Vehicle Finance

- 24 years of experience with financial Institutions
- Previously worked with Fullerton India, Citigroup, Equitas Small Finance Bank. Also worked in Ashok Leyland Limited



Uday Narayan
National Credit
Head - SME

- 20 years of experience with banks & financial Institutions
- Previously worked with Reliance Capital, Bajaj Finance, ICICI Bank, Axis Bank and L & T Finance



Shripad Desai
National Credit
Head – Housing Finance

- 21 years of experience with banks & financial Institutions
- Previously worked with IDBI Bank, Reliance Capital, ICICI Bank, Deutsche Bank and others



Benaifer Palsetia
Chief Human Resources
Officer

- More than 19 years of experience with banks and financial institutions
- Previously worked with IDFC Bank, Citibank and Credit Suisse



Pradeep Kumar
Chief Technology
Officer

- More than 20 years of IT experience with financial Institutions and IT Companies
- Previously worked with PNB Housing Finance Limited, BirlaSoft Limited, WNS, Tata Infotech



N. Ramesh
Group
Head Operations

- 31 years of experience with banks & financial Institutions
- Previously worked with GE Countrywide, Cholamandalam Investment & Finance Co. Ltd., Shriram City Union Limited, Equitas Small Finance Bank.



Natraj P
Chief Risk Officer

- More than 20 years of experience with banks and financial institutions
- Previously worked with Cholamandalam & Equitas Small Finance Bank

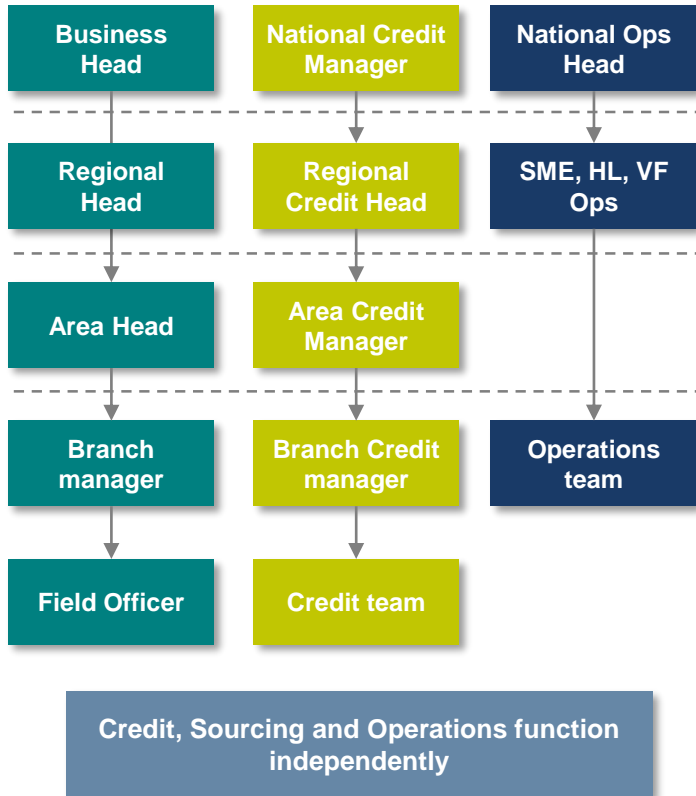
Strong & Distinguished Board

- ✓ 13 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"> 30+ years of experience in financial services industry Previously associated with various entities forming part of the Shriram group
 Shailesh Shirali	Whole time Director	<ul style="list-style-type: none"> 20+ years of experience in financial services industry Previously worked at Future Capital Holdings, Rabo Bank, ICICI Bank and Merrill Lynch
 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. 13 committees include Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Credit Committee, Management Committee, Corporate Lending Committee, Retail Lending Committee, Banking Committee and Debenture Committee

Organizational Framework Aligned to Mitigate Risk



Strong Credit / Underwriting Processes Followed by Robust Monitoring Mechanism

1

Structured Credit Appraisal / Approvals

- Corporate: Pre-screened by corporate lending committee, prior to credit committee approval
- Retail / SME lending: Internal credit policy based loan approvals
- Loan Proposals sanctioned, disbursed and monitored through customized technology platform (i.e. **Omnifin for SME & Housing Finance and UNO for Vehicle Finance**)

2

Monitoring mechanism

- Close monitoring mechanism ensures timely compliance of sanctioned terms
- Regular portfolio review allows timely corrective action

3

Risk Management Policies

- Policies for KYC, AML, Investment & Loans, Underwriting risk guidelines, etc.
- Robust Collateral management

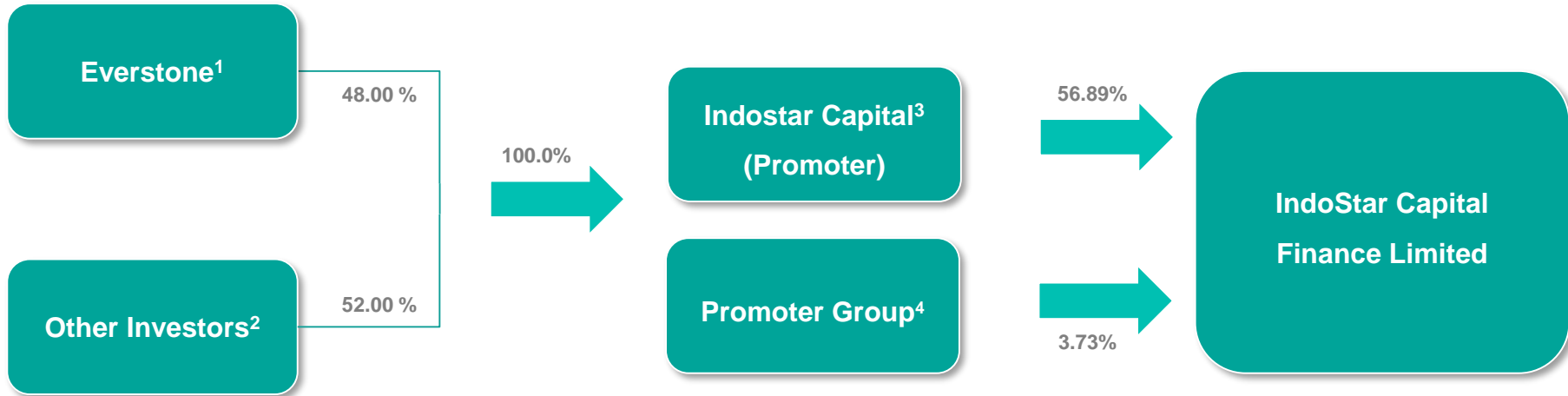
4

Internal Controls and Processes

- Standard operating processes
- Regular internal audit - KPMG
- E&Y as statutory auditor
- Concurrent audit

Discussion Summary

- ❖ Brookfield investment in IndoStar Capital
- ❖ Quarterly & Annual Results
- ❖ Covid Update
- ❖ Business Update
- ❖ **Shareholding Structure**



Strong capital sponsorship of Everstone Group



India and SEA
focused

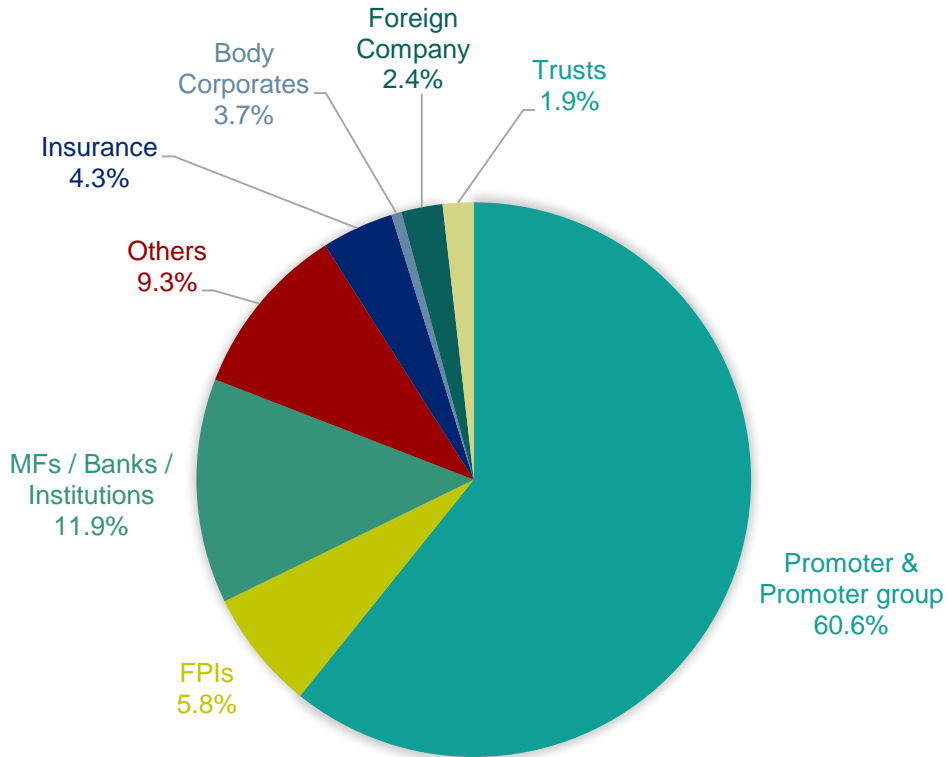
US\$5.0bn
AuM



'Private Equity Firm of the Year in India'
for 7 consecutive years ⁵

1. Includes Indostar Everstone (36.24%) and Everstar Holdings Pte. Ltd. (11.76%). 2. Includes ACP Libra Limited (16.95%), Beacon India Private Equity Fund (11.92%), Beacon Light Group Limited (3.92%), Global Long Short Partners Mauritius I Limited (9.12%), Private Opportunities (Mauritius) I Limited (6.08%) and CDIB Capital Investment II Limited (4.00%). 3. Incorporated in Mauritius. 4. include Everstone Capital Partners II LLC (1.23%) and ECP III FVCI Pte Ltd. (2.51%) 5. Recognized as 'Private Equity Firm of the Year in India' by Private Equity International for seven consecutive years from 2011 to 2017.

Shareholding @ 31 March 2020



Major Shareholders

Promoter & Promoter Group
Management Team and Employees*
SBI MF
Lenarco (Advent)
ICICI Prudential Life Insurance
HDFC MF
SBI Amundi Funds
Edelweiss Alternative Investments
Jupiter
ICICI Lombard General Insurance
HDFC Standard Life Insurance
Aditya Birla MF
Sundaram MF
East Bridge Capital

For Further Queries



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