

ICFL/LS/00161/2019-20

7 November 2019

**BSE Limited**  
Listing Department, 1<sup>st</sup> 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, kindly find enclosed the following:

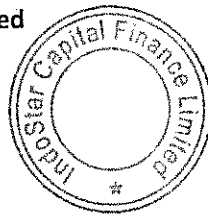
- i. Press Release to be issued by the Company in connection with the Unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended 30 September 2019; and
- ii. Presentation on Unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended 30 September 2019.

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

Thanking you,

Yours Truly,  
For IndoStar Capital Finance Limited

  
**Jitendra Bhati**  
SVP - Compliance & Secretarial  
(Membership No. F8937)



Encl: a/a

**IndoStar Capital Finance Limited**

Registered Office : One Indiabulls Centre, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013, India  
T +91 22 4315 7000 | F +91 22 4315 7010 | contact@indostarcapital.com | www.indostarcapital.com  
CIN : L65100MH2009PLC268160



IndoStar posts PAT of Rs. 494mn in Q2 FY20; declares an interim dividend of 10%

- **Net Revenue from operations at Rs. 2,197 mn up 19% YoY**
- **Pre-Provision Operating Profit at Rs. 1,397 mn up 22% YOY, driven by steady growth in retail businesses**

**Mumbai, 07 November, 2019: IndoStar Capital Finance Limited (IndoStar)**, one of India's leading non-banking financial companies, announced its consolidated financial results for the quarter ended September 30, 2019.

IndoStar posted a PAT of Rs.494 mn in Q2 FY20 driven by healthy performance by the retail businesses. The Net Revenue from operations was clocked at Rs. 2,197 mn, up 19% YoY. Commercial Vehicle Finance remains a key segment; clocking higher profitability. The innovative tie-up with ICICI Bank has started yielding results with disbursements clocking Rs 1,653 mn in Q2FY20.

IndoStar enjoys strong liquidity position with over Rs 10,000 mn of liquidity reserves, positive ALM across all buckets and capital adequacy at 25.7%. Long term credit ratings have been reaffirmed at AA-.

Asset quality has improved with reduction in Gross NPAs from 4.7% in Q1 to 3.7% in Q2. IndoStar has also strengthened provisions against select accounts in Corporate Lending to account for macro-economic headwinds.

**Indostar Capital's Executive Vice - Chairman and CEO Mr. R. Sridhar**, said, "Our retail strategy is progressing well as per plan and we plan to move to retail: corporate mix of 75:25 early next year from 66:34 currently. All segments are profitable, we have declared an interim dividend of 10%. Our incremental funding in Q2FY20 was sequentially higher and we have cash and cash equivalents of ~ Rs. 10,000 mn, ensuring we have positive ALM across all buckets. With a comfortable liquidity position and strong operating model, we are poised for the next phase of growth in our journey."

Key Financials:

Particulars (Rs. mn)	Q2 FY20	Q1 FY20	QoQ	Q2 FY19	YoY	H1FY20	H1FY19	YoY
Net Revenue from operations	2,197	1,937	13%	1,841	19%	4,134	3,065	35%
Pre-Provision Operating Profit	1,397	1,192	17%	1,149	22%	2,590	1,833	41%
PAT	494	471	5%	640	-23%	965	955	1%



## Consolidated financial update for the quarter ended September 30, 2019

- a. All business segments are profitable
- b. Strong retail franchise; Retail AUMs make up 66% of aggregate AUMs, up from 37% last year
- c. Sourcing under ICICI partnership stood at Rs. 1,653 mn
- d. Pre-provision Operating Profit up 22% YoY
- e. Net Revenue from Operations up 19% YoY
- f. Cost Income ratio 36.4% down 120 bps YoY
- g. Strong Liquidity profile and Capital Adequacy at 25.7%, provides ample room to expand profitably
- h. Positive ALM across all buckets until March 21
- i. Improved asset quality performance with gross and net NPAs declining QoQ by 100 bps and 70 bps to 3.7% and 3% respectively

### **About IndoStar Capital Finance Limited:**

IndoStar is a non-banking finance company "NBFC" registered with the Reserve Bank of India as a systemically important non- deposit taking company. We are a professionally managed and institutionally owned organization which is engaged in providing Used and New vehicle financing for transporters, Loans to SME borrowers, Structured Term Financing solutions to corporates and Home Finance through our wholly-owned subsidiary IndoStar Home Finance Private Limited.

For more information, visit [www.indostarcapital.com](http://www.indostarcapital.com)

### **Media contact**

Snigdha Nair  
Adfactors PR  
[Snigdha.nair@adfactorspr.com](mailto:Snigdha.nair@adfactorspr.com); [indostar@adfactorspr.com](mailto:indostar@adfactorspr.com)



# INDOSTAR CAPITAL FINANCE LIMITED

Q2 & H1FY20 Results Update

7 November 2019

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

# Q2FY20 performance : Key Highlights



## Healthy Business profile

- Strong retail franchise – share in AUM at 66% up 29% YoY
- Net Revenue from Operations ₹ 2,197 mn, +19% YoY
- Cost Income ratio 36.4%, reduced 120 bps YoY
- Pre-provision Operating Profit ₹ 1,397 mn, +22% YoY



## Comfortable Liquidity position

- Cash & Equivalents ₹ 10,270 mn, ~14% of borrowings
- Positive ALM across all buckets



## Strong capitalisation, Low leverage

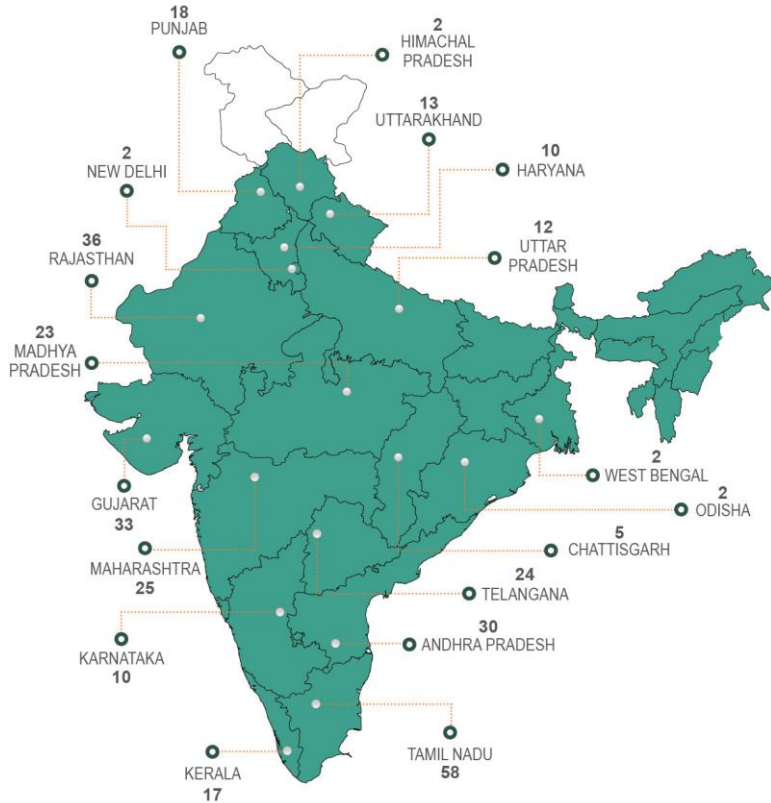
- CRAR 25.7% ; Tier 1 CRAR 23.8 %
- Low Leverage; Average Assets : Equity ratio 3.6x
- Long Term Credit Ratings reaffirmed at AA-



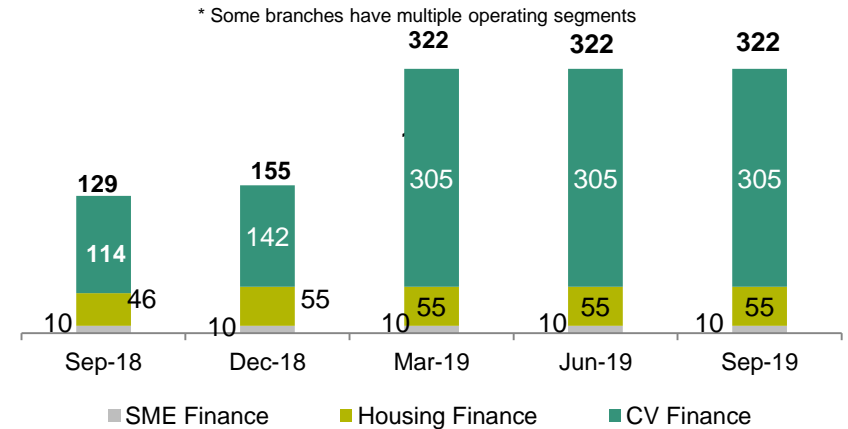
## Poised for growth in CV Financing

- Innovative partnership with ICICI Bank for CV Financing
- Q2FY20 sourcing ₹ 1,653 mn

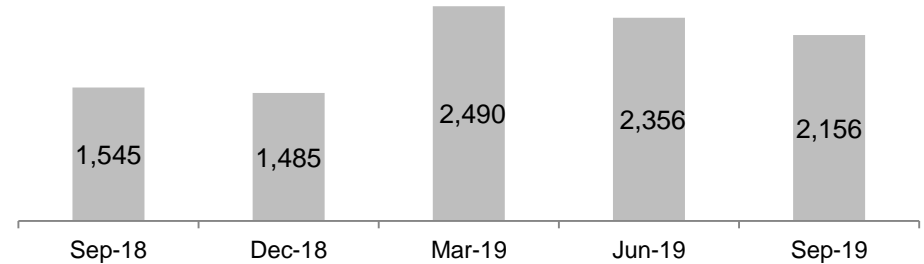
- Well balanced distribution network
- Integration & consolidation underway



322 branches across 18 states



Retail Lending - Employee Base



# Q2 & H1FY20: Consolidated Profit & Loss Statement

Particulars (₹ mn)	Q2FY20	Q1 FY20	QoQ %	Q2FY19	YOY %	H1FY20	H1FY19	YoY %
Revenue from Operations	4,239	4,191	1%	3,245	31%	8,430	5,588	51%
Interest Expenses	(2,042)	(2,253)	-9%	(1,404)	45%	(4,295)	(2,523)	70%
<b>Net Revenue from Operations</b>	<b>2,197</b>	<b>1,937</b>	<b>13%</b>	<b>1,841</b>	<b>19%</b>	<b>4,134</b>	<b>3,065</b>	<b>35%</b>
People Costs	472	476	-1%	456	3%	948	779	22%
Operating Expenses	328	269	22%	235	39%	597	453	32%
<b>Pre-provision Operating Profit</b>	<b>1,397</b>	<b>1,192</b>	<b>17%</b>	<b>1,149</b>	<b>22%</b>	<b>2,590</b>	<b>1,833</b>	<b>41%</b>
Credit Costs	722	608	19%	111	553%	1,330	188	609%
One off Charges	-	-	n.a.	47	n.a.	-	139	-100%
<b>Profit before Tax</b>	<b>675</b>	<b>585</b>	<b>15%</b>	<b>992</b>	<b>-32%</b>	<b>1,260</b>	<b>1,506</b>	<b>-16%</b>
Tax	181	114	59%	352	-48%	295	551	-47%
<b>Net Profit</b>	<b>494</b>	<b>471</b>	<b>5%</b>	<b>640</b>	<b>-23%</b>	<b>965</b>	<b>955</b>	<b>1%</b>

Key Metrics	Q2FY20	Q1 FY20	Q2FY19	H1FY20	H1FY19
Yield	15.4%	14.4%	15.0%	14.8%	14.1%
Cost of Borrowings	10.5%	10.3%	9.7%	10.4%	9.4%
Spread	4.9%	4.1%	5.3%	4.4%	4.8%
NIM	8.0%	6.7%	8.5%	7.3%	7.8%
Cost to Income	36.4%	38.5%	37.6%	37.4%	40.2%



# Consolidated Balance Sheet

Particulars (₹ mn)	Sep-19	Jun-19	QoQ %	Sep-18	YoY %
Equity	31,022	30,591	1%	28,721	8%
Borrowings	76,246	80,863	-6%	58,032	31%
Others	320	1,159	-72%	971	-67%
<b>Total Liabilities</b>	<b>107,588</b>	<b>112,613</b>	<b>-4%</b>	<b>87,723</b>	<b>23%</b>
Loan Assets	90,590	101,568	-11%	77,665	17%
Treasury Assets	13,121	7,109	85%	9,330	41%
Fixed Assets & Goodwill	3,877	3,935	-1%	727	433%
<b>Total Assets</b>	<b>107,588</b>	<b>112,613</b>	<b>-4%</b>	<b>87,723</b>	<b>23%</b>

Key Ratios	Q2FY20	Q1 FY20	Q2FY19
ROAA *	1.8%	1.6%	3.0%
Leverage	3.6x	3.8x	3.0x
ROAE *	6.4%	6.2%	9.0%

\* Annualised

# Q2FY20: Business Segment Performance

Particulars (₹ mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated
Revenue from Operations	1,494	1,681	679	259	4,239
Interest Expenses	(789)	(643)	(314)	(124)	(2,042)
<b>Net Interest Income</b>	<b>704</b>	<b>1,038</b>	<b>365</b>	<b>134</b>	<b>2,197</b>
People Costs	42	225	47	60	472
Operating Expenses	2	144	32	25	328
<b>Pre-provision Operating Profit</b>	<b>661</b>	<b>670</b>	<b>287</b>	<b>49</b>	<b>1,397</b>
Credit Costs*	581	42	98	2	722
<b>Profit Before Tax</b>	<b>81</b>	<b>628</b>	<b>189</b>	<b>47</b>	<b>675</b>

Particulars (₹ mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated
Equity #	10,866	9,912	4,215	1,835	31,022
Borrowings	25,289	27,116	9,810	4,272	76,246
Others	112	102	43	19	320
<b>Total Liabilities</b>	<b>36,267</b>	<b>37,130</b>	<b>14,069</b>	<b>6,126</b>	<b>107,588</b>
Loan Assets	36,267	34,128	14,069	6,126	90,590
Treasury Assets	-	-	-	-	13,121
Fixed Assets & Goodwill	-	3,002	-	-	3,877
<b>Total Assets</b>	<b>36,267</b>	<b>37,130</b>	<b>14,069</b>	<b>6,126</b>	<b>107,588</b>

\*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

# H1FY20: Business Segment Performance

Particulars (₹ Mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated <sup>^</sup>
Revenue from Operations	3,169	3,187	1,266	478	8,430
Interest Expenses	(1,672)	(1,316)	(654)	(236)	(4,295)
<b>Net Interest Income</b>	<b>1,497</b>	<b>1,871</b>	<b>612</b>	<b>242</b>	<b>4,134</b>
People Costs	91	480	93	116	948
Operating Expenses	2	282	56	49	597
<b>Pre-provision Operating Profit</b>	<b>1,405</b>	<b>1,109</b>	<b>463</b>	<b>77</b>	<b>2,590</b>
Credit Costs <sup>*</sup>	639	526	159	6	1,330
<b>Profit Before Tax</b>	<b>765</b>	<b>584</b>	<b>304</b>	<b>71</b>	<b>1,260</b>

Particulars (₹ mn)	Corporate Lending	CV Finance	SME Finance	Housing Finance	Consolidated <sup>^</sup>
Equity#	10,866	9,912	4,215	1,835	31,022
Borrowings	25,289	27,116	9,810	4,272	76,246
Others	112	102	43	19	320
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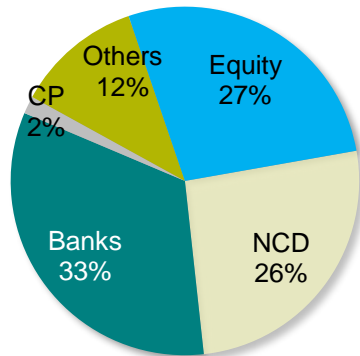
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# Allocated

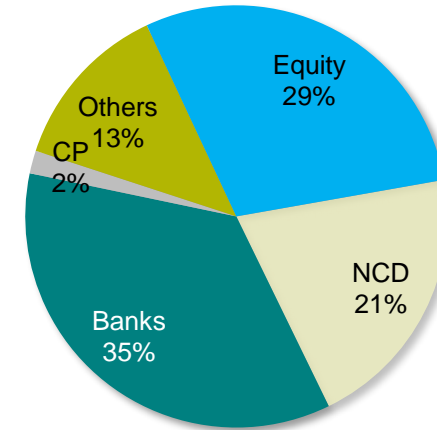
<sup>^</sup> Total of Segmental numbers does not tally with consolidated figures as costs of common functions are not shown under lending segments

# Diversified Funding Profile

Funding Mix - June 2019



Funding Mix - Sep 2019



Incremental Funding mobilized

₹ mn	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Total
Banks	5,890	8,020	4,420	4,276	22,606
Markets	5,500	6,550	-	-	12,050
Assignments	1,000	1,629	1,224	2,965	6,818
Securitisation	-	-	2,400	2,120	4,520
Total	12,390	16,199	8,044	9,361	45,994

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	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Opening Cash & Equivalents*	10,270	5,070	4,891	8,110	11,138	15,558
Loan repayment inflows [Principal]	4,577	5,510	6,185	5,716	7,262	5,729
<b>Total Inflow</b>	<b>14,847</b>	<b>10,580</b>	<b>11,077</b>	<b>13,827</b>	<b>18,400</b>	<b>21,287</b>
Liability Repayment [Principal]						
Commercial Paper	1,900	-	-	-	-	-
NCDs	500	750	250	-	500	3,956
IIFL Payouts	3,340	2,551	-	-	-	-
Term Loans & Others	4,037	2,388	2,716	2,689	2,341	3,410
<b>Total Outflow</b>	<b>9,777</b>	<b>5,689</b>	<b>2,966</b>	<b>2,689</b>	<b>2,841</b>	<b>7,366</b>
<b>Closing Cash &amp; Equivalents</b>	<b>5,070</b>	<b>4,891</b>	<b>8,110</b>	<b>11,138</b>	<b>15,558</b>	<b>13,921</b>

Particulars	₹ mn
Cash and bank Balance #	3,320
Liquid Investment	
MFs	4,765
Term Deposits	944
Undrawn Banks Lines	1,241
Total Cash & Equivalents*	10,270

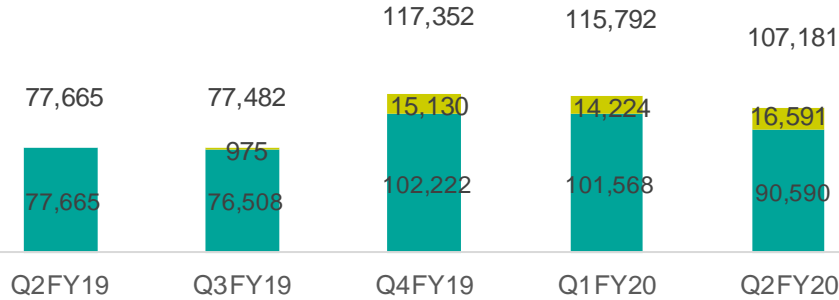
- ✓ Sanctions under Partial Credit Guarantee (PCG) scheme in place ₹ 15,000 mn
- ✓ Execution in progress

# Excludes deposits of INR 4,090 Mn received against cash backed transaction

# Q2FY20: Quarterly Performance Trend (1/2)

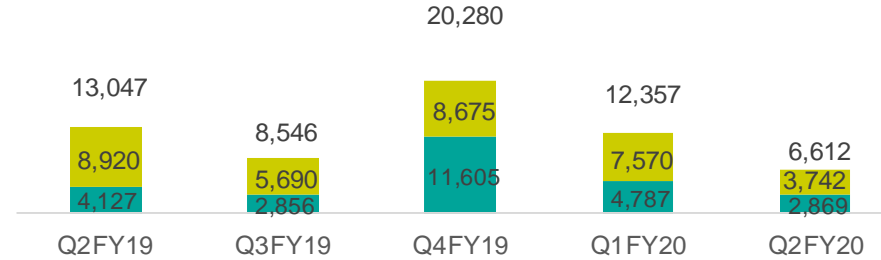
## AUM (₹ mn)

■ On-book Loans ■ Off-book Loans AUM

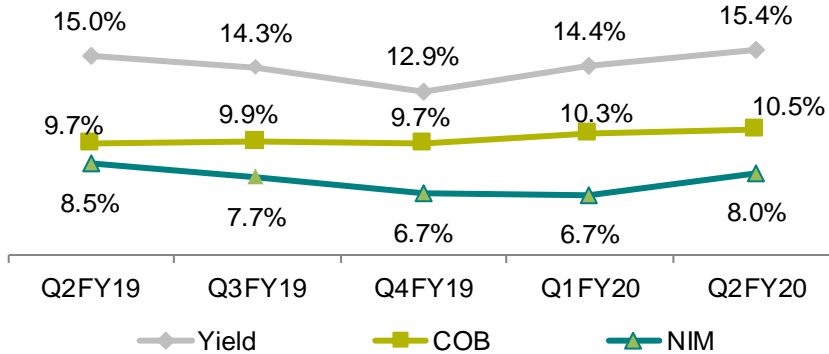


## Loan Disbursements (₹ mn)

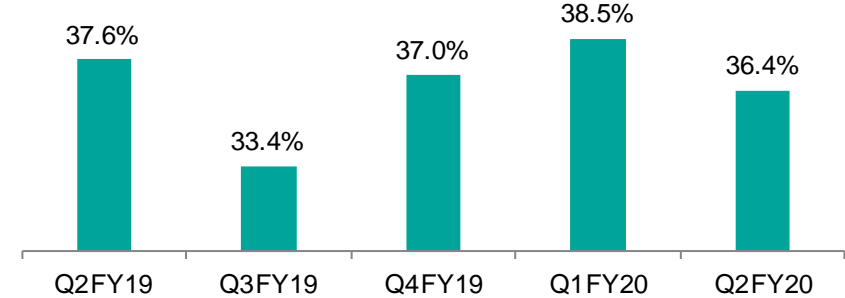
■ Corporate Lending ■ Retail Finance Total



## Margin Analysis (%)

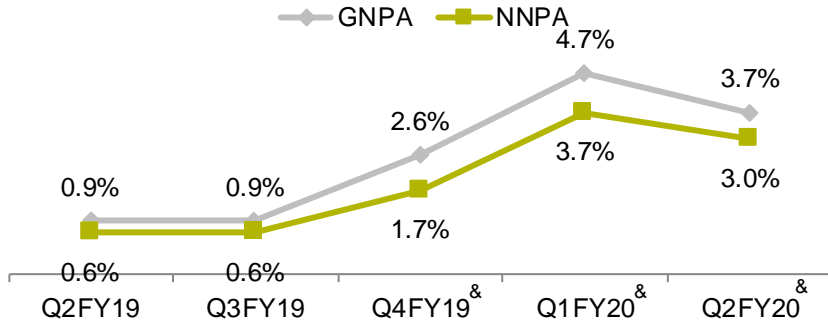


## Cost to Income Ratio (%)



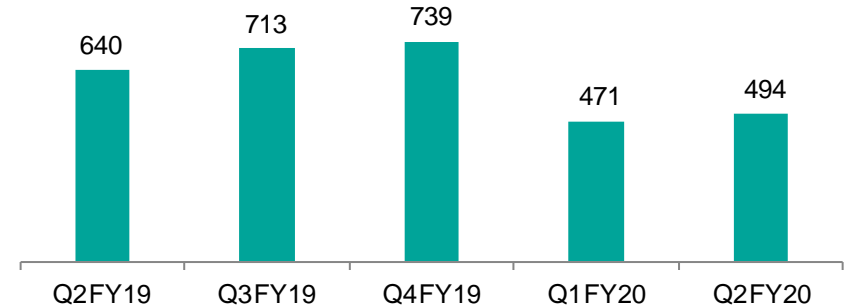
# Q2FY20: Quarterly Performance Trend (2/2)

### NPA\*

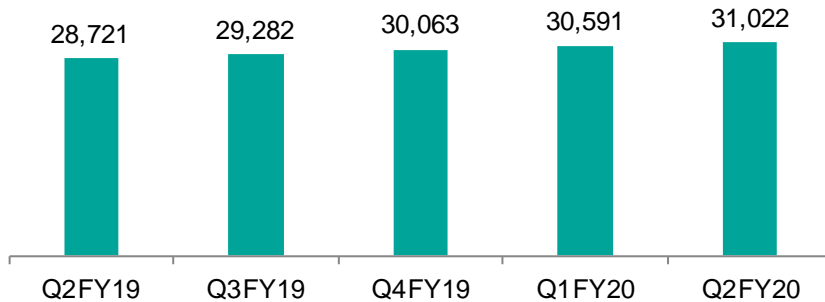


<sup>&</sup> Including NPAs from IIFL portfolio  
 \* GNPA & NNPA represents Stage 3 Assets

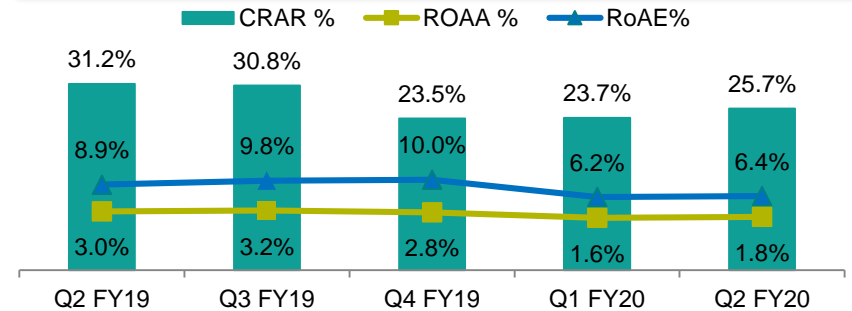
### PAT (₹ mn)



### Net worth (₹ mn)



### Return Ratios<sup>^</sup> & Capital Adequacy (%)



<sup>^</sup> Annualized

## Asset Quality : Significant reduction in Retail NPAs

Gross NPA (₹ mn)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Corporate Lending	205	136	-	1,546	1,546
CV Finance	-	11	2,226	2,651	1,411
SME Finance	455	574	545	677	437
Housing Finance	-	3	7	19	26
Total	660	724	2,778	4,893	3,420

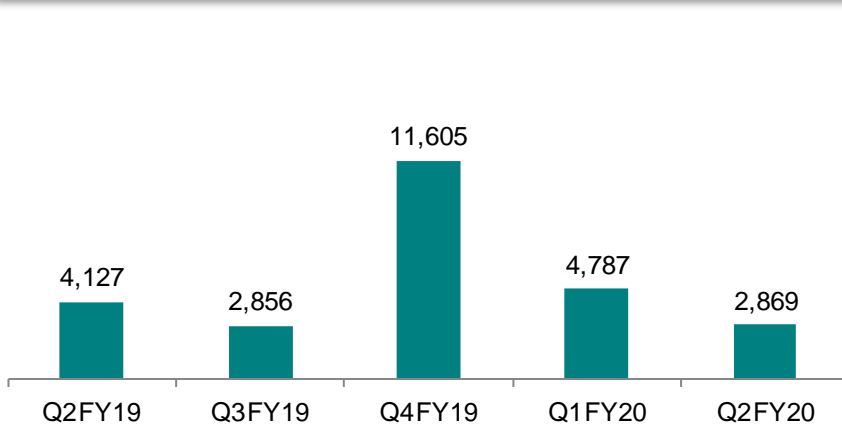
Net NPA (₹ mn)	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20
Corporate Lending	109	95		1,391	1,391
CV Finance		7	887	1,856	988
SME Finance	347	399	152	548	354
Housing Finance		2	2	16	21
Total	456	503	1,041	3,811	2,753

- Q2FY20 Specific coverage against NPAs 19%
- ECL on acquired portfolio ₹ 1,450 mn (7.9% of portfolio outstanding)

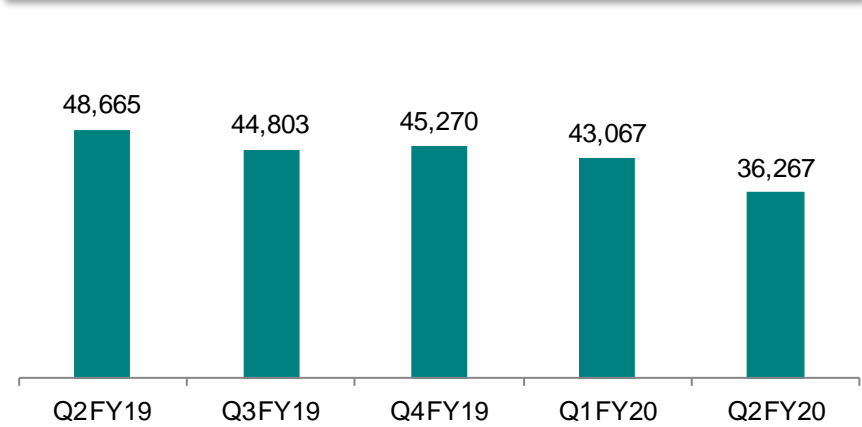


# Corporate Lending : Cautious approach continues (1/3)

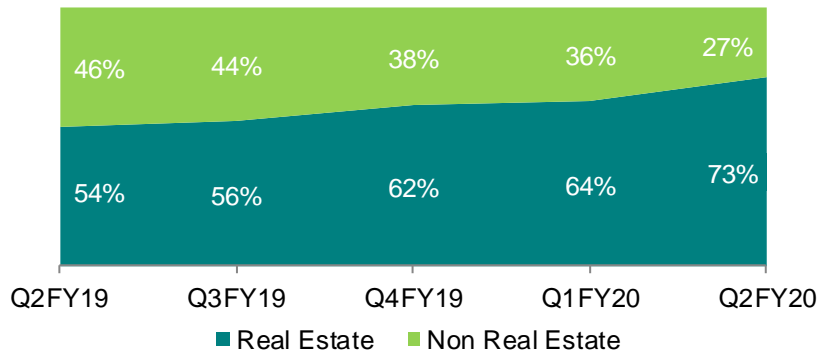
Gross Disbursements (₹ mn)



Corporate Lending AUM (₹ mn)



AUM Breakup: RE vs. Non-RE



- Well on course to achieve desired Retail Corporate mix of 75-25 by March-20
- AUM proactively reduced by ₹ 12,398 mn over Q2FY19
- Repayments over past nine months ₹ 27,958 mn (including prepayments and sell downs)

## Corporate Lending Profit and Loss (2/3)

Particulars (₹ mn)	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2 FY 20
Revenue from Operations	2,206	1,940	1,817	1,676	1,494
Interest Expenses	(836)	(789)	(790)	(883)	(789)
<b>Net Interest Income</b>	<b>1,370</b>	<b>1,151</b>	<b>1,028</b>	<b>793</b>	<b>704</b>
People Costs	67	23	108	49	42
Operating Expenses	0	1	1	1	2
<b>Pre-provision Operating Profit</b>	<b>1,303</b>	<b>1,127</b>	<b>918</b>	<b>743</b>	<b>661</b>
Credit Costs *	10	-65	-121	59	581
<b>Profit before Tax</b>	<b>1,293</b>	<b>1,192</b>	<b>1,039</b>	<b>685</b>	<b>81</b>
Loan Assets	48,665	44,803	45,270	43,067	36,267
Equity ^	15,933	14,277	11,329	11,940	10,866

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

^ Allocated

# Corporate Lending : Key ratios (3/3)

	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2 FY 20
Revenue from Operations *	16.7%	15.7%	15.6%	14.7%	14.9%
<b>Net Interest Income *</b>	<b>10.4%</b>	<b>9.3%</b>	<b>8.8%</b>	<b>6.9%</b>	<b>7.0%</b>
Operating Expenses *	0.5%	0.2%	0.9%	0.4%	0.4%
Cost / Income	4.9%	2.1%	10.7%	6.2%	6.1%
<b>Pre-provision Operating Profit *</b>	<b>9.9%</b>	<b>9.1%</b>	<b>7.9%</b>	<b>6.5%</b>	<b>6.6%</b>
Credit Costs	0.1%	-0.5%	-1.0%	0.5%	5.8%
<b>GNPA</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.0%</b>	<b>3.5%</b>	<b>4.2%</b>
<b>NNPA</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.0%</b>	<b>3.2%</b>	<b>3.8%</b>
<b>ROAA ^</b>	<b>6.6%</b>	<b>6.4%</b>	<b>5.5%</b>	<b>4.0%</b>	<b>0.2%</b>
Leverage	3.2x	3.3x	4.0x	3.8x	3.5x
<b>ROAE ^</b>	<b>21.0%</b>	<b>20.9%</b>	<b>21.8%</b>	<b>15.2%</b>	<b>0.8%</b>

- ✓ Pickup in precautionary provisioning against select accounts
- ✓ Conservative lending approach to continue

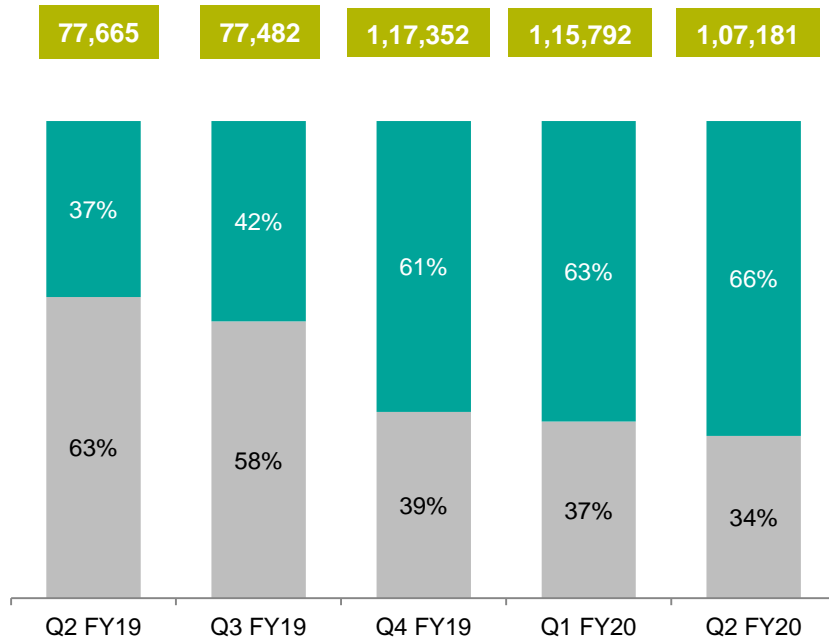
\* On daily average basis

^ Annualized

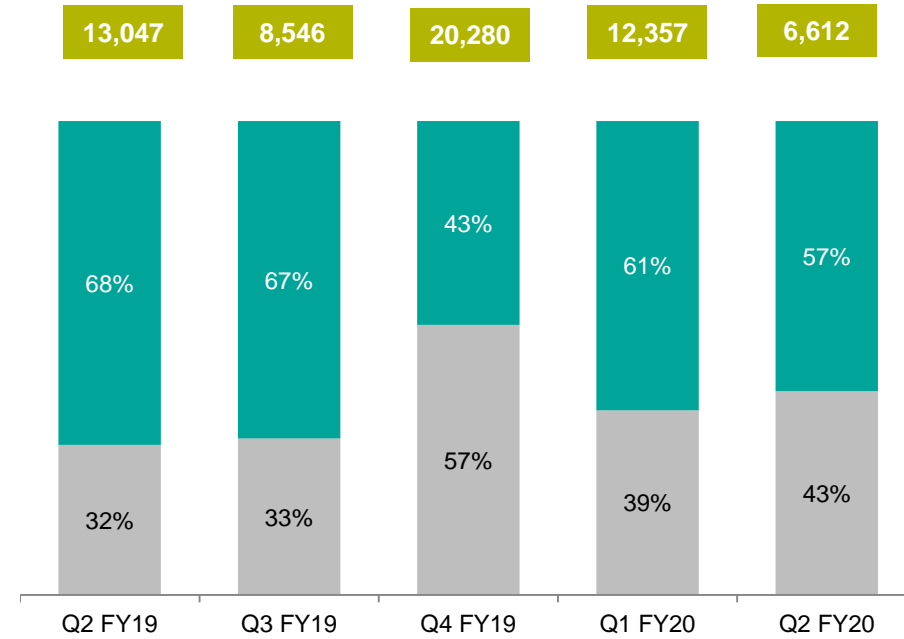
# On track to attain 75-25 Retail Corporate AUM mix by March-20

## Growing Proportion of Retail Lending in AUM and Disbursements

### AUM: CL vs Retail (%)



### Disbursements: CL vs Retail (%)



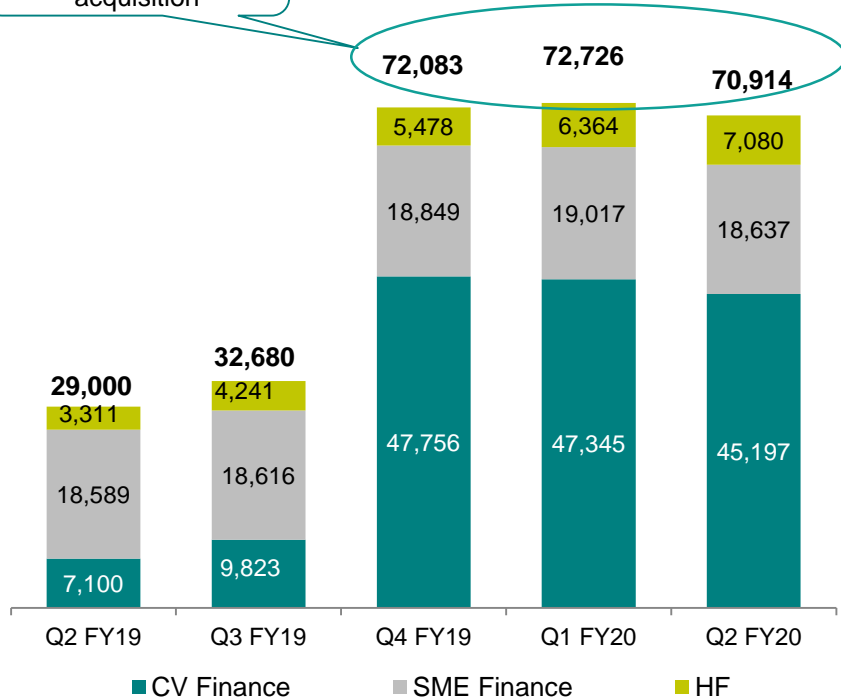
■ Total AUM (₹ Mn)   ■ CL   ■ Retail (CV Finance, SME , HF)

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

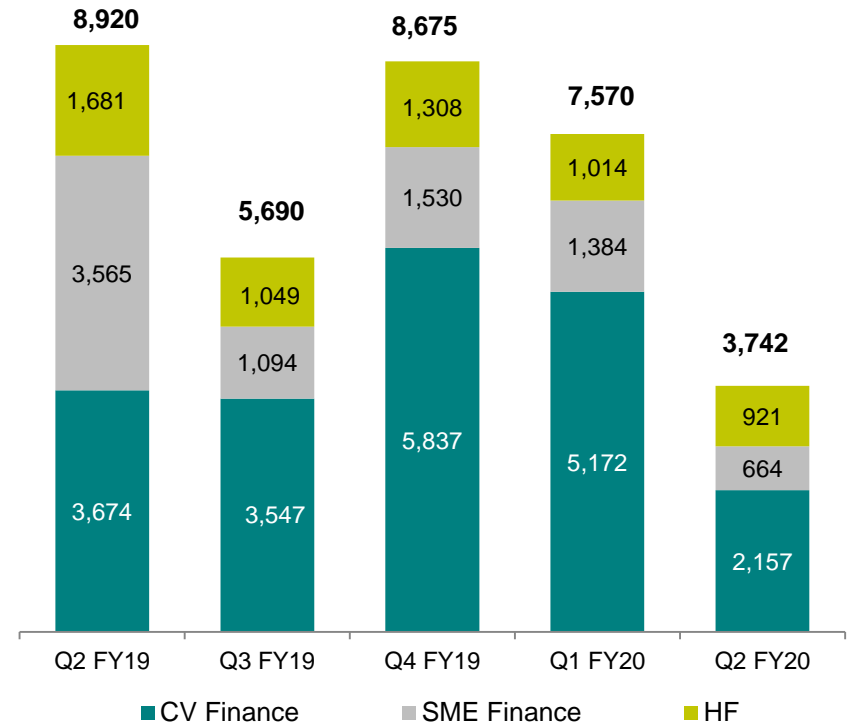
# Calibration in retail business volumes

Retail AUM (₹ mn)

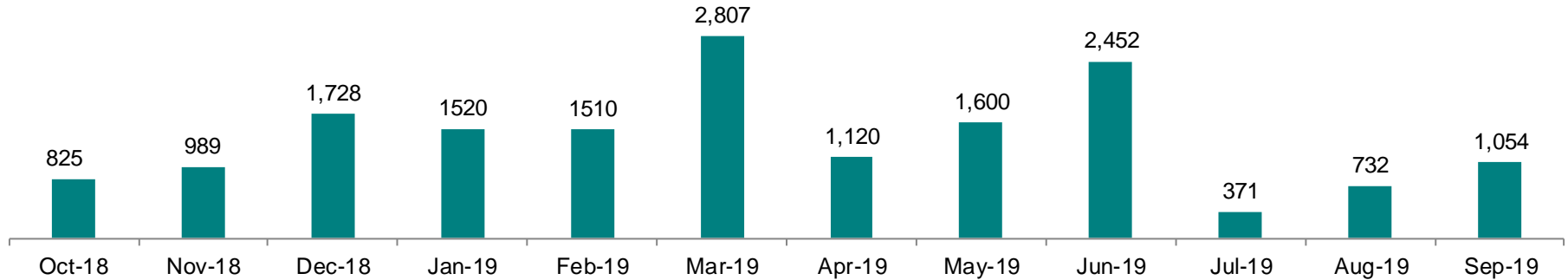
Significant growth in Retail AUM with IIFL acquisition



Retail Disbursements (₹ mn)



CV Finance – Monthly Disbursement Trend (₹ mn)



- ✓ CV Finance AUM ₹ 45,197 mn up over 5x YoY
- ✓ Loans disbursed under ICICI Bank tie-up in Q2FY20 ₹ 1,653 mn
- ✓ Securitised loans ₹ 2,120 mn in Q2FY20

## CV Finance : Strong operating performance (2/3)

Particulars (₹ mn)	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2FY20
Revenue from Operations	234	346	542	1,506	1,681
Interest Expenses	(89)	(139)	(204)	(673)	(643)
<b>Net Interest Income</b>	<b>145</b>	<b>207</b>	<b>338</b>	<b>833</b>	<b>1,038</b>
People Costs	119	97	149	255	225
Operating Expenses	108	117	115	139	144
<b>Pre-provision Operating Profit</b>	<b>-82</b>	<b>-7</b>	<b>75</b>	<b>439</b>	<b>670</b>
Credit Costs	24	49	68	484	42
<b>Profit before Tax</b>	<b>(106)</b>	<b>(56)</b>	<b>7</b>	<b>(45)</b>	<b>628</b>
<b>Loan Assets</b>	<b>7,100</b>	<b>9,823</b>	<b>34,328</b>	<b>35,895</b>	<b>34,128</b>
<b>Equity <sup>^</sup></b>	<b>2,325</b>	<b>3,130</b>	<b>8,591</b>	<b>10,154</b>	<b>9,912</b>

# CV Finance : Key ratios (3/3)

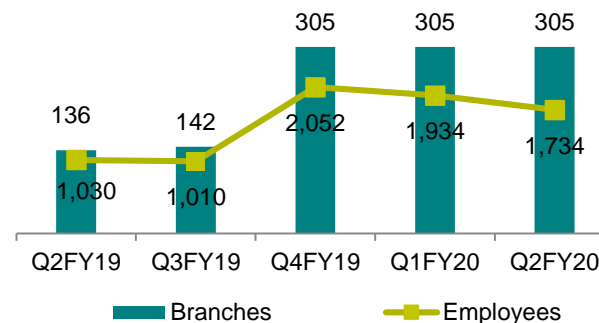
	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2FY20
Revenue from Operations *	17.5%	17.1%	18.7%	16.6%	18.4%
<b>Net Interest Income *</b>	<b>10.8%</b>	<b>10.3%</b>	<b>11.6%</b>	<b>9.2%</b>	<b>11.4%</b>
Operating Expenses *	16.9%	10.6%	9.1%	4.3%	4.0%
Cost / Income	156.5%	103.5%	77.8%	47.2%	35.5%
<b>Pre-provision Operating Profit *</b>	<b>-6.1%</b>	<b>-0.4%</b>	<b>2.6%</b>	<b>4.8%</b>	<b>7.3%</b>
<b>Credit Costs</b>	<b>1.8%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>5.3%</b>	<b>0.5%</b>
<b>GNPA</b>	<b>0.0%</b>	<b>0.1%</b>	<b>6.1%<sup>&amp;</sup></b>	<b>7.0%<sup>&amp;</sup></b>	<b>4.0%<sup>&amp;</sup></b>
<b>NNPA</b>	<b>0.0%</b>	<b>0.1%</b>	<b>3.8%<sup>&amp;</sup></b>	<b>5.0%<sup>&amp;</sup></b>	<b>2.8%<sup>&amp;</sup></b>
<b>ROAA <sup>^</sup></b>	<b>-5.2%</b>	<b>-1.9%</b>	<b>0.1%</b>	<b>-0.3%</b>	<b>5.6%</b>
Leverage	3.0x	3.1x	3.8x	3.9x	3.8x
<b>ROAE <sup>^</sup></b>	<b>-16.0%</b>	<b>-5.7%</b>	<b>0.2%</b>	<b>-1.3%</b>	<b>21.3%</b>

<sup>&</sup> Gross and Net NPA (excluding IIFL) for Q4FY19 0.4% & 0.3%; Q1FY19 1.0% & 0.7%; Q2FY20 1.3% & 0.9%

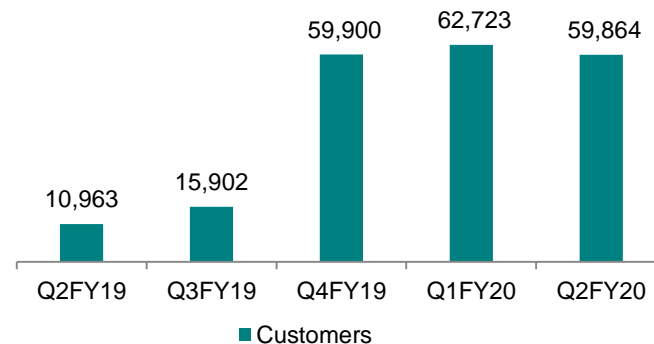
\* On daily average basis

<sup>^</sup> Annualized

## Branches & Employees

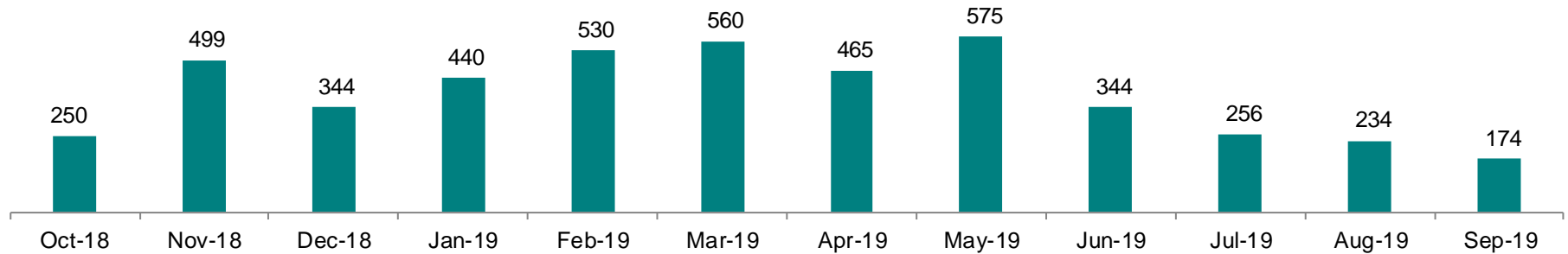


## Customer Count





SME Finance – Monthly Disbursement Trend (₹ mn)



✓ Disbursement during Q2FY20 : ₹ 664 mn

✓ Direct assignment in Q2FY20 : ₹ 2455 mn

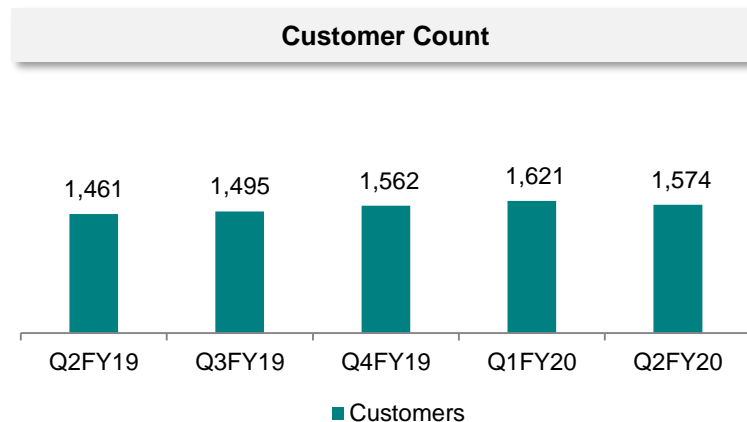
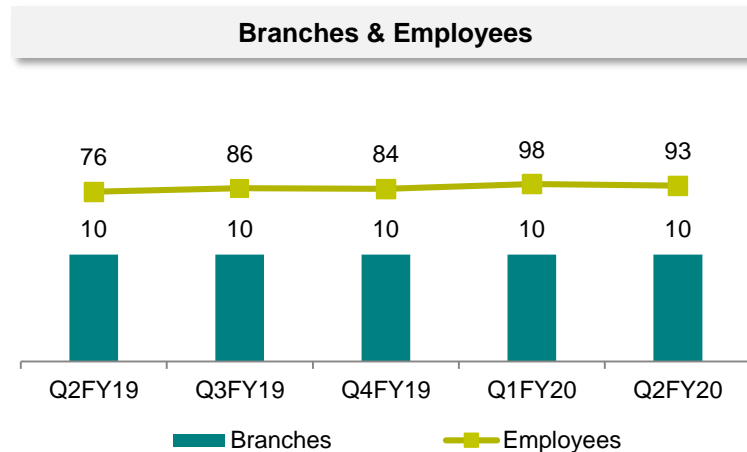
## SME Finance remains Profitable (2/3)

Particulars (₹ mn)	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2 FY 20
Revenue from Operations	544	594	585	587	679
Interest Expenses	(284)	(303)	(309)	(341)	(314)
<b>Net Interest Income</b>	<b>260</b>	<b>292</b>	<b>276</b>	<b>247</b>	<b>365</b>
People Costs	56	40	38	46	47
Operating Expenses	21	21	23	24	32
<b>Pre-provision Operating Profit</b>	<b>182</b>	<b>231</b>	<b>214</b>	<b>177</b>	<b>287</b>
Credit Costs	73	61	-26	61	98
<b>Profit before Tax</b>	<b>109</b>	<b>170</b>	<b>240</b>	<b>115</b>	<b>189</b>
Loan Assets	18,589	17,641	17,385	16,704	14,069
Equity <sup>^</sup>	6,086	5,622	4,351	4,631	4,215

<sup>^</sup> Allocated

# SME Finance : Key ratios (3/3)

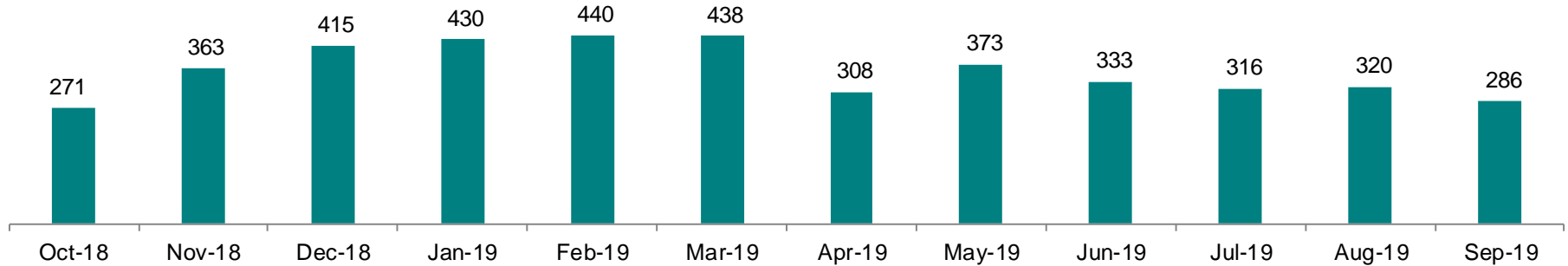
	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2 FY 20
Revenue from Operations *	12.5%	13.0%	13.3%	13.6%	17.1%
<b>Net Interest Income *</b>	<b>6.0%</b>	<b>6.4%</b>	<b>6.3%</b>	<b>5.7%</b>	<b>9.2%</b>
Operating Expenses *	1.8%	1.3%	1.4%	1.6%	2.0%
Cost / Income	29.9%	20.8%	22.3%	28.4%	21.5%
<b>Pre-provision Operating Profit *</b>	<b>4.2%</b>	<b>5.0%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>7.2%</b>
Credit Costs	1.7%	1.3%	-0.6%	1.4%	2.5%
<b>GNPA</b>	<b>2.4%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>4.0%</b>	<b>3.1%</b>
<b>NNPA</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.1%</b>	<b>3.3%</b>	<b>2.5%</b>
<b>ROAA ^</b>	<b>1.7%</b>	<b>2.5%</b>	<b>3.3%</b>	<b>1.8%</b>	<b>3.5%</b>
Leverage	3.0x	3.1x	3.5x	3.8x	3.5x
<b>ROAE ^</b>	<b>5.3%</b>	<b>7.6%</b>	<b>11.5%</b>	<b>6.8%</b>	<b>12.1%</b>



\* On daily average basis

^ Annualized

Housing Finance – Monthly Disbursement Trend (₹ mn)



✓ Q2FY20 disbursements ₹ 922 mn

✓ Direct assignment in Q2FY20 ₹ 511 mn

# Housing Finance: Profitability improves further (2/3)

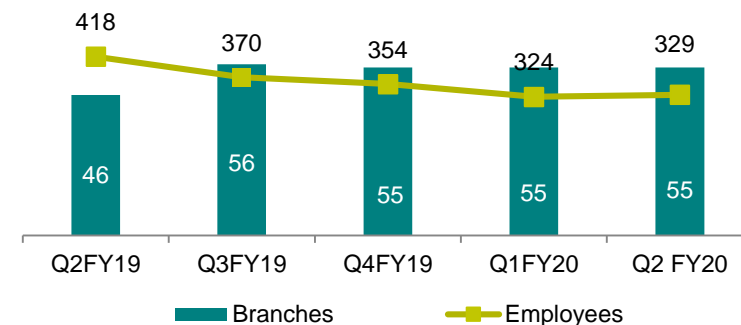
Particulars (₹ mn)	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2FY20
Revenue from Operations	80	133	189	220	259
Interest Expenses	(41)	(63)	(84)	(112)	(124)
<b>Net Interest Income</b>	<b>38</b>	<b>70</b>	<b>105</b>	<b>108</b>	<b>134</b>
People Costs	93	81	28	55	60
Operating Expenses	30	24	28	24	25
<b>Pre-provision Operating Profit</b>	<b>-85</b>	<b>-34</b>	<b>49</b>	<b>28</b>	<b>49</b>
Credit Costs	4	3	4	4	2
<b>Profit before Tax</b>	<b>(88)</b>	<b>(37)</b>	<b>45</b>	<b>24</b>	<b>47</b>
<b>Loan Assets</b>	<b>3,311</b>	<b>4,241</b>	<b>5,239</b>	<b>5,903</b>	<b>6,126</b>
<b>Equity<sup>^</sup></b>	<b>1,084</b>	<b>1,351</b>	<b>1,311</b>	<b>1,637</b>	<b>1,835</b>

<sup>^</sup> Allocated

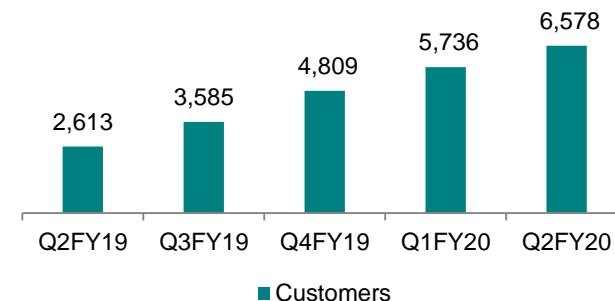
# Housing Finance : Key ratios (3/3)

	Q2 FY 19	Q3 FY 19	Q4 FY 19	Q1 FY 20	Q2FY20
Revenue from Operations *	13.2%	14.3%	15.8%	15.7%	16.5%
<b>Net Interest Income *</b>	<b>6.4%</b>	<b>7.6%</b>	<b>8.8%</b>	<b>7.7%</b>	<b>8.6%</b>
Operating Expenses *	20.4%	11.3%	4.7%	5.7%	5.4%
Cost / Income	320.1%	148.3%	53.2%	74.1%	63.4%
<b>Pre-provision Operating Profit *</b>	<b>-14.0%</b>	<b>-3.7%</b>	<b>4.1%</b>	<b>2.0%</b>	<b>3.1%</b>
Credit Costs	0.6%	0.3%	0.4%	0.3%	0.1%
<b>GNPA</b>	<b>0.0%</b>	<b>0.08%</b>	<b>0.10%</b>	<b>0.31%</b>	<b>0.43%</b>
<b>NNPA</b>	<b>0.0%</b>	<b>0.04%</b>	<b>0.10%</b>	<b>0.27%</b>	<b>0.34%</b>
<b>ROAA ^</b>	<b>-14.6%</b>	<b>-4.0%</b>	<b>3.7%</b>	<b>6.9%<sup>#</sup></b>	<b>1.5%</b>
Leverage	3.0x	3.1x	3.6x	3.8x	3.5x
<b>ROAE ^</b>	<b>-44.5%</b>	<b>-12.4%</b>	<b>13.3%</b>	<b>26.0%<sup>#</sup></b>	<b>5.3%</b>

## Branches & Employees



## Customer Count



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

\* On daily average basis

^ Annualized

- ✓ All businesses are profitable
- ✓ Strong liquidity profile and capitalisation to aid growth foray
- ✓ Well placed to achieve a Retail Corporate AUM mix of 75-25 by March-20
- ✓ CV Finance Business is the key retail business driving growth and profitability
- ✓ ROE accretive partnership with ICICI Bank is showing traction
- ✓ Proactively reducing exposures in Corporate Lending business
- ✓ Continually shoring up provisions to address contingencies

# 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 (8.5% 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 &  
Risk 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.

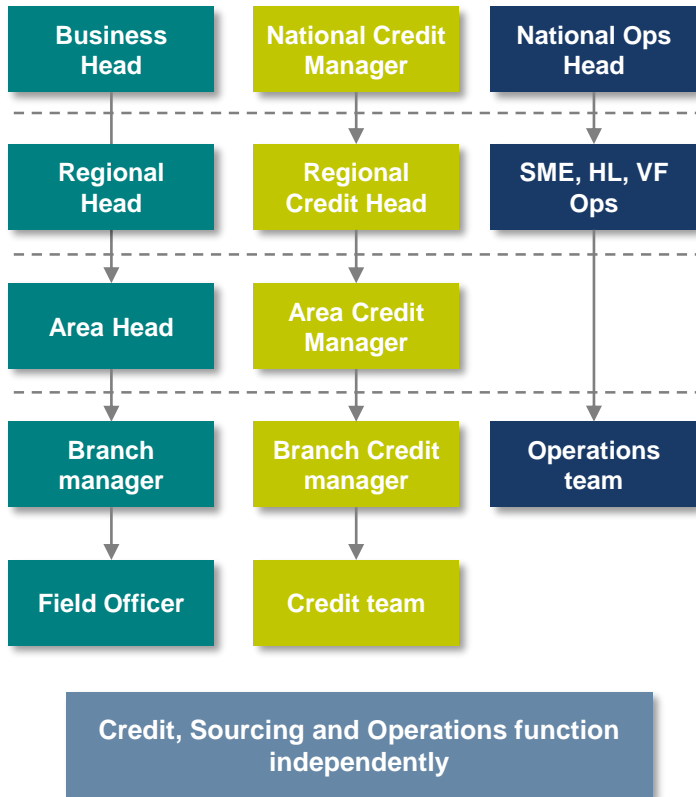
# Strong & Distinguished Board

- ✓ 13 committees composed of independent and non-independent directors and also employees<sup>1</sup>
- ✓ 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
 <b>Dhanpal Jhaveri</b>	Chairman & Non-Executive Director	<ul style="list-style-type: none"> <li>Director since 2010; Partner at Everstone Capital</li> <li>Experience in investing, corporate strategy, mergers and acquisitions and investment banking</li> <li>Previously worked with Vedanta Group, ICICI Securities, KPMG India</li> </ul>
 <b>R.Sridhar</b>	Executive Vice Chairman & CEO	<ul style="list-style-type: none"> <li>30+ years of experience in financial services industry</li> <li>Previously associated with various entities forming part of the Shriram group</li> </ul>
 <b>Shailesh Shirali</b>	Whole time Director	<ul style="list-style-type: none"> <li>20+ years of experience in financial services industry</li> <li>Previously worked at Future Capital Holdings, Rabo Bank, ICICI Bank and Merrill Lynch</li> </ul>
 <b>Alok Oberoi</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>Director since 2011</li> <li>Experience in Investment and structuring international joint ventures and transactions</li> <li>Founder of ACPI investments, previously worked with Goldman Sachs</li> </ul>
 <b>Hemant Kaul</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>Several years of experience in the fields of banking and insurance</li> <li>Previously worked with Axis Bank and Bajaj Allianz General Insurance</li> </ul>
 <b>Dinesh Kumar Mehrotra</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>30+ years experience in insurance</li> <li>Previously served as the Chairman of Life Insurance Corporation of India</li> </ul>
 <b>Bobby Parikh</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>Director since 2011</li> <li>Several years of experience in finance</li> </ul>
 <b>Naina Krishna Murthy</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>17+ years of experience in the field of law</li> <li>Founder of India law firm K Law</li> </ul>

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

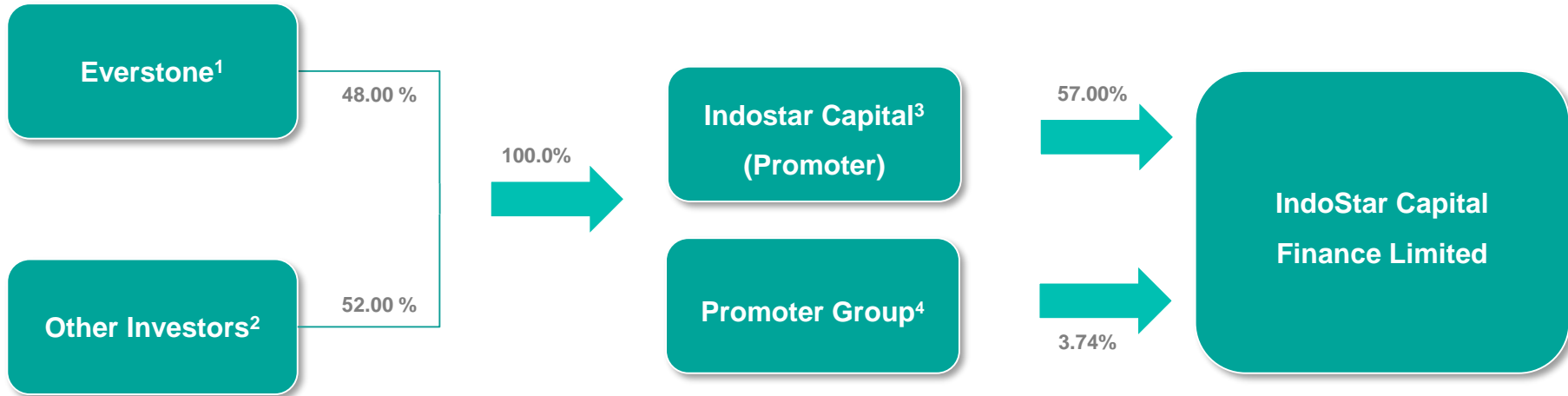
### Risk Management Policies

- 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



## Strong capital sponsorship of Everstone Group



India and SEA  
focused

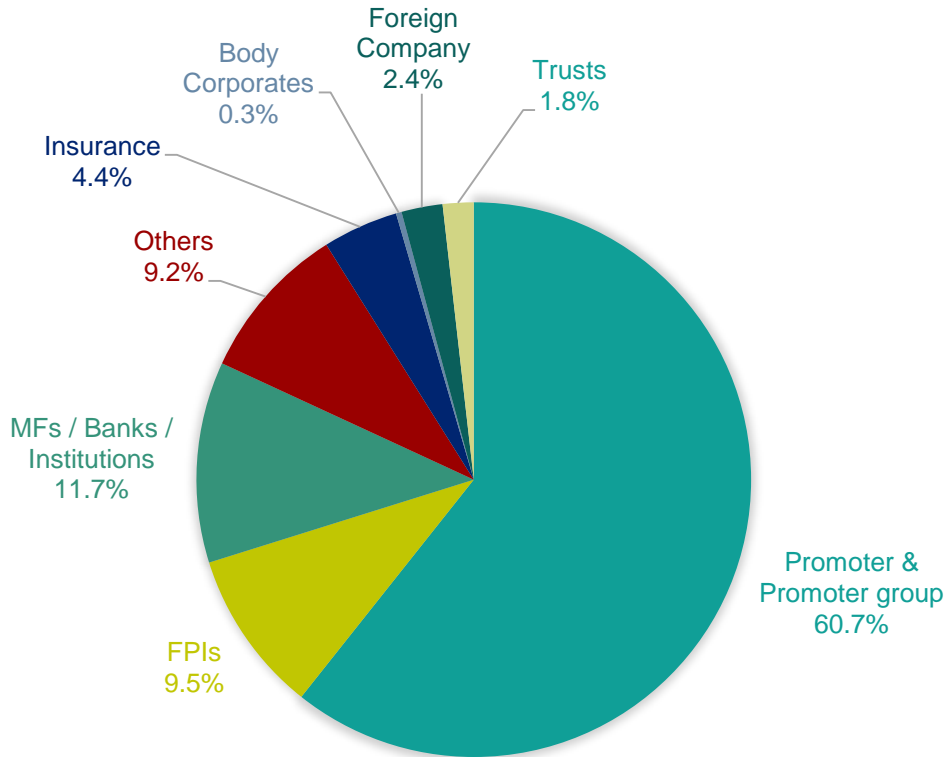
**US\$5.0bn**  
AuM



**'Private Equity Firm of the Year in India'**  
for 7 consecutive years <sup>5</sup>

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 @ 30 September 2019



### Major Shareholders

Promoter & Promoter Group
Management Team and Employees*
SBI MF
Lenarco (Advent)
ICICI Prudential Life Insurance
Fidelity Emerging Markets Fund
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



**Amol Joshi**  
**Chief Financial Officer**  
Contact No: +91 22 4315 7090  
Email - [ajoshi@indostarcapital.com](mailto:ajoshi@indostarcapital.com)

**Rajagopal Ramanathan**  
**IRO**  
Contact No: +91 22 4315 7068  
Email - [rramanathan@indostarcapital.com](mailto:rramanathan@indostarcapital.com)



**Chintan Mehta**  
**IR Consultant**  
Contact No: + 91 22 6627 6571  
Email – [chintan.mehta@dickensonworld.com](mailto:chintan.mehta@dickensonworld.com)