INDOSTAR CAPITAL FINANCE LIMITED

Q4 & FY19 Results Update

20 May 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.**

Q4 & FY19 performance : Key Highlights

Retailisation : 2020-21 Target Already Achieved

- Retail AUM: ₹ 72,082 Mn [+343% YoY, +121% QoQ]
- Retail assets 61% of total AUM
- Distribution footprint doubles to 322 branches across 18 states

- **All business segments are profitable**
- **Scale benefits kick in**
- **Robust Asset quality**

- VF & HF turn profitable in Q4 ;SME business already profitable;
- Q4FY19 Cost / Income: 37% [5.8% down YoY]
- Q4FY19 PAT: ₹ 739 Mn [+83% YoY, +4% QoQ];
  FY19 PAT: ₹ 2,407 Mn [+20% YoY]
- Q4FY19 ROA 2.8%; ROE 10%
- GNPA: 0.7%, NNPA 0.5%; With IIFL GNPA: 2.6%; NNPA:1.7%

Well-capitalised, Low Leverage offers headroom for growth

- CRAR 24% ; Tier 1 CRAR 21.7%
- Debt : Equity ratio 3x

Comfortable Liquidity position

- Cash equivalents and undrawn lines ₹18,839 Mn (21% of borrowings)
- Positive ALM across all buckets

SME: SME Finance, VF: Vehicle Finance, HF: Housing Finance

Retail Strategy Acceleration - Acquisition of IIFL Vehicle Finance Business

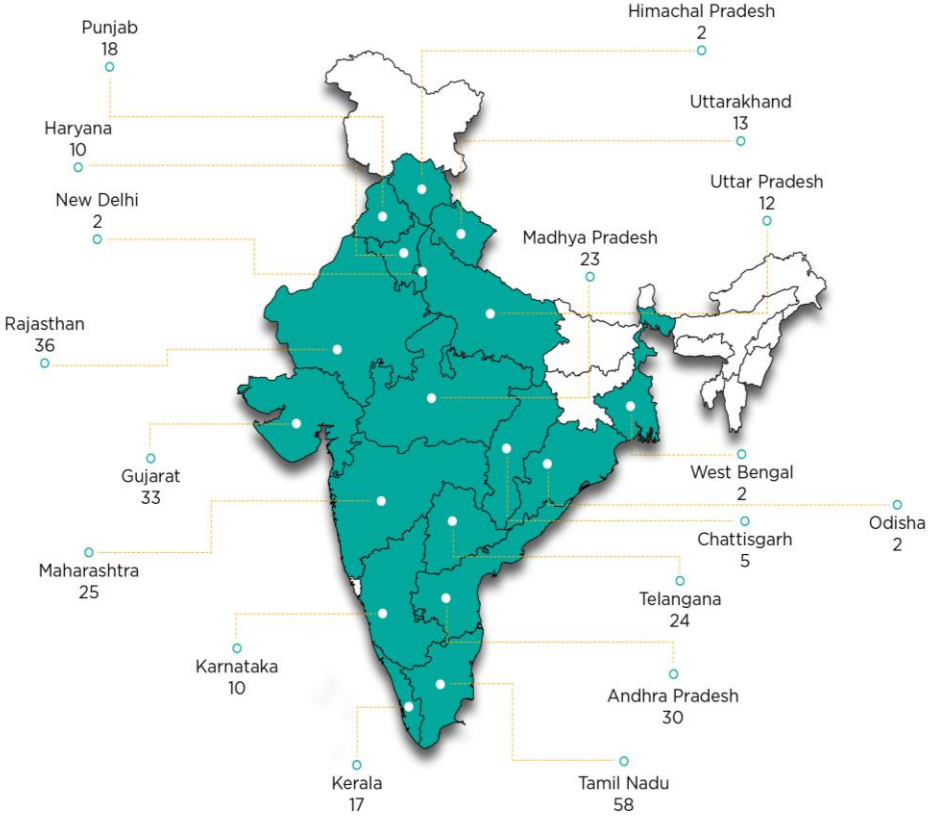
- ✓ **Profit accretive from day 1**
- ✓ **5x increase in Vehicle Finance AUM to ₹ 48 Bn**
- ✓ **Increases Vehicle Finance origination capacity to ₹ 4 Bn per month**
- ✓ **National footprint with 322 branches across 18 states**
- ✓ **Experienced manpower increasing to 2,052 people**

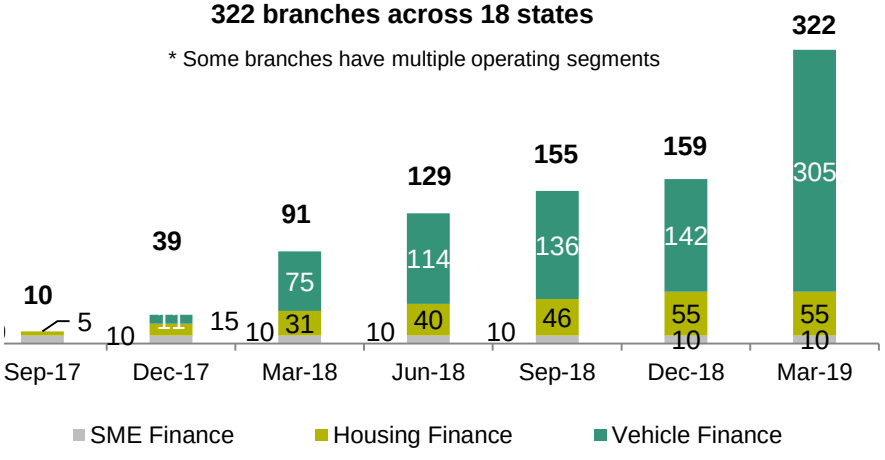
Transaction Summary

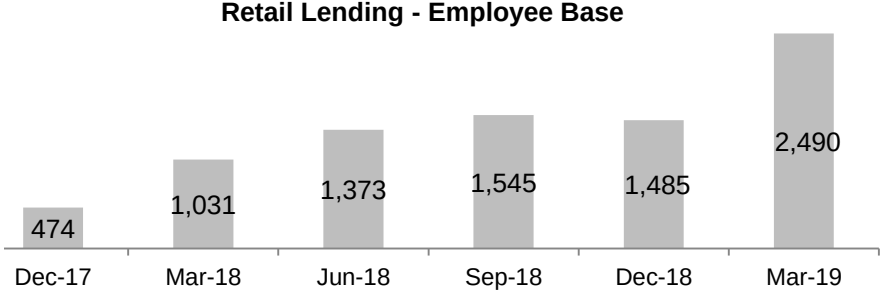
- Effective from March 31, 2019
- Acquisition of VF AUM of ₹ 35.1 Bn, along with branch infrastructure, people & technology
- Reasonable downside protection on credit costs
- Net Purchase Consideration: ₹ 24.2 Bn, Goodwill ₹ 3.0 Bn

Key Metrics	IIFL Business	IndoStar Business	Combined Business
Total AUM (₹ Mn)	35,143	14,857	50,000
Branch Network	161	161	322
Employee Base	1,079	973	2,052
Disbursement Capacity Per Month (₹ Mn)	2,500	1,500	4,000

National Footprint







Q4 & FY19: Consolidated Profit & Loss Statement

Particulars (₹ Mn)	Q4 FY19	Q3 FY19	QoQ %	Q4 FY18	YOY %	FY19	FY18	YoY %
Revenue from Operations	3,411	3,212	6%	2,149	59%	12,210	7,910	54%
Interest Expenses	(1,639)	(1,474)	11%	(968)	69%	(5,636)	(3,255)	73%
Net Revenue from Operations	**1,772**	**1,737**	**2%**	**1,181**	**50%**	**6,574**	**4,654**	**41%**
People Costs	385	332	16%	318	21%	1,496	1,065	41%
Operating Expenses	271	248	9%	188	44%	972	482	101%
Profit before Credit Costs	**1,116**	**1,157**	**-4%**	**675**	**65%**	**4,107**	**3,107**	**32%**
Credit Costs	-73	48	-252%	-21	255%	162	-38	-533%
One off Charges	-	15	n.a.	6	n.a.	154	20	686%
Profit before Tax	**1,190**	**1,094**	**9%**	**690**	**72%**	**3,790**	**3,125**	**21%**
Tax	450	382	18%	285	58%	1,383	1,121	23%
Net Profit	**739**	**713**	**4%**	**405**	**83%**	**2,407**	**2,004**	**20%**

Key Metrics	Q4 FY19	Q3 FY19	Q4 FY18	FY19	FY18
Yield	12.9%	14.3%	13.4%	13.4%	13.9%
Cost of Borrowings	9.7%	9.9%	8.9%	9.5%	9.2%
Spread[&]	3.2%	4.4%	4.4%	3.9%	4.7%
NIM [&]	6.7%	7.7%	7.4%	7.2%	8.2%
Cost to Income	37.0%	33.4%	42.8%	37.5%	33.2%

[&] **Without IIFL NIM (Q4FY19) 7.5%, (FY19) 7.6%; Spread (Q4FY19) 4.8%, (FY19) 4.6%**

Consolidated Balance Sheet

Particulars (₹ Mn)	Mar-19	Dec-18	QoQ %	Mar-18	YoY %
Equity	30,063	29,282	3%	20,747	45%
Borrowings	89,357	62,223	44%	48,228	85%
Others	706	384	84%	1,451	-51%
Total Liabilities	**120,126**	**91,889**	**31%**	**70,425**	71%
Loan Assets	102,222	76,508	34%	60,595	69%
Treasury Assets	14,201	14,683	-3%	9,189	55%
Fixed Assets[#]	3,704	698	430%	641	478%
Total Assets	**120,126**	**91,889**	**31%**	**70,425**	71%

Key Ratios	Q4 FY19	Q3 FY19	Q4 FY18
ROAA [&] *	2.8%	3.2%	2.5%
Leverage	3.6x	3.1x	3.1x
ROAE *	10.0%	9.8%	7.9%

[#] Fixed Assets (Mar-2019) includes ₹ 3,002 Mn as Goodwill on IIFL acquisition

[&] ROAA (without IIFL assets) for Q4FY19 3.1%

* Annualised

Q4 FY19: Business Segment Performance

Particulars (₹ Mn)	Corporate Lending	SME Lending	Vehicle Finance	Housing Finance	Consolidated ^
Revenue from Operations	1,817	585	542	189	3,411
Interest Expenses	(790)	(309)	(204)	(84)	(1,639)
Net Interest Income	**1,028**	**276**	**338**	**105**	**1,772**
People Costs	108	38	149	28	385
Operating Expenses	1	23	115	28	271
Credit Costs	-121	-26	68	4	-73
One off Charges	-	-	-	-	-
Profit Before Tax	**1,039**	**240**	**7**	**45**	**1,190**

Particulars (₹ Mn)	Corporate Lending	SME Lending	Vehicle Finance	Housing Finance	Consolidated ^
Equity*	11,329	4,351	8,591	1,311	30,063
Borrowings	33,675	12,932	25,535	3,897	89,357
Others	266	102	202	31	706
Total Liabilities	**45,270**	**17,385**	**34,328**	**5,239**	**120,126**
Loan Assets	45,270	17,385	34,328	5,239	102,222
Treasury Assets	-	-	-	-	14,201
Fixed Assets	-	-	-	-	3,704
Total Assets	**45,270**	**17,385**	**34,328**	**5,239**	**120,126**

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

FY19: Business Segment Performance

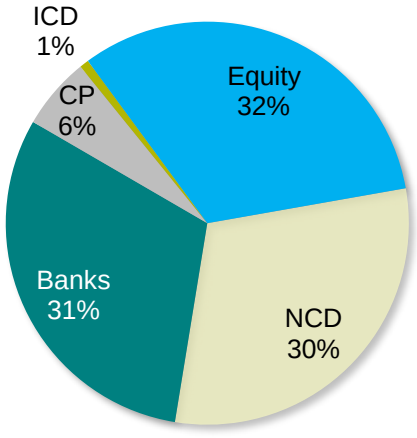
Particulars (₹ Mn)	Corporate Lending	SME Lending	Vehicle Finance	Housing Finance	Consolidated ^
Revenue from Operations	7,578	2,156	1,225	438	12,210
Interest Expenses	(3,137)	(1,126)	(470)	(204)	(5,636)
Net Interest Income	**4,441**	**1,029**	**755**	**234**	**6,574**
People Costs	242	187	460	263	1,496
Operating Expenses	4	86	446	95	972
Credit Costs	-159	153	154	15	162
One off Charges	0	0	0	0	154
Profit Before Tax	**4,354**	**603**	**-305**	**-139**	**3,790**

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

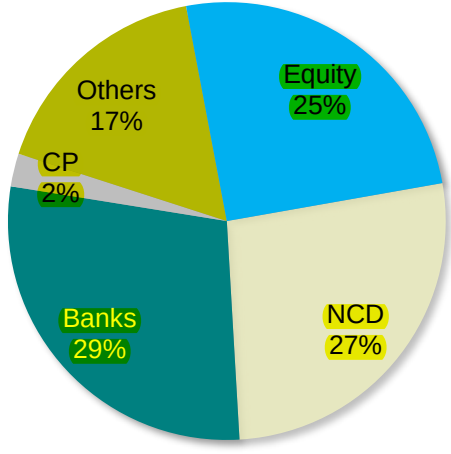
^ Total of Segmental numbers does not tally with consolidated figures as costs of common functions are not shown under lending segments

Diversified Funding Profile

Funding Mix - December 2018



Funding Mix - March 2019



Proportion of Commercial Paper remains low

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 (+)

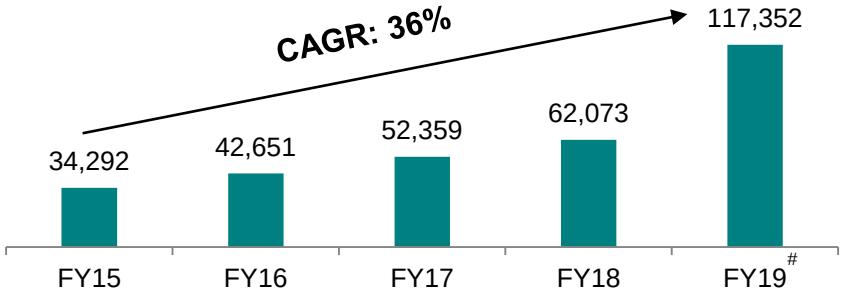
Comfortable Liquidity Position

Particulars (₹ Mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Opening Cash & Cash Equivalents *	18,839	14,277	4,420	1,652	267	3,700	6,881	13,099
Acquisition Funding tied up	4,200							
Loan Repayment Inflows (Principal)	4,485	5,375	7,679	6,382	5,962	5,362	8,544	6,403
Total Inflows	27,524	19,652	12,099	8,034	6,229	9,062	15,425	19,502
Liability Repayment (Principal)								
Commercial Papers	1,150	-	1,900	-	-	-	-	-
NCDs	3,050	7,250	500	750	250	-	500	3,850
Term Loans & Others	3,917	2,842	2,917	1,883	2,209	2,181	1,826	2,919
ICDs	-	10	-	4	70	-	-	-
IIFL Payout	5,130	5,130	5,130	5,130	-	-	-	-
Total Outflows	13,247	15,232	10,447	7,767	2,529	2,181	2,326	6,769
Closing Cash & Cash Equivalents	14,277	4,420	1,652	267	3,700	6,881	13,099	12,733

* Details of Opening Cash & Equivalents	(₹ Mn)
Cash & Bank Balance	7,230
Cash Equivalents	
Liquid Debt MFs	3,000
Term Deposits with Banks	3,766
Undrawn Funding Lines	4,843
Total	**18,839**

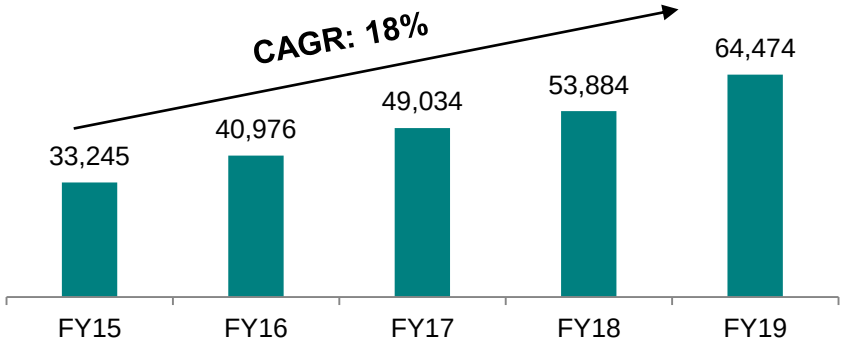
Strong Performance Track Record

AUM (₹ Mn)

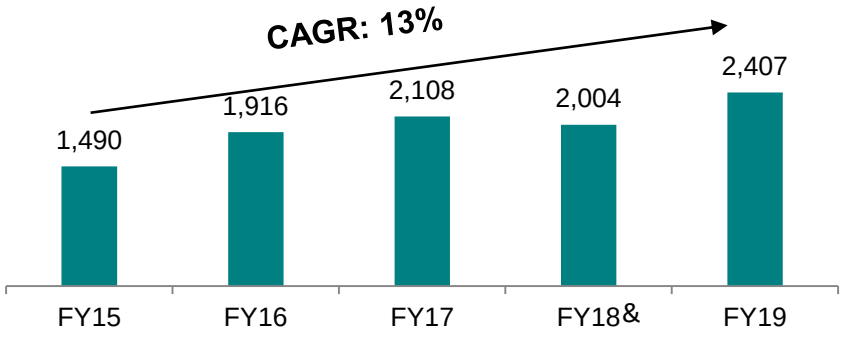


Includes acquired CV business AUM of ₹ 35,143 mn

Disbursements (₹ Mn)



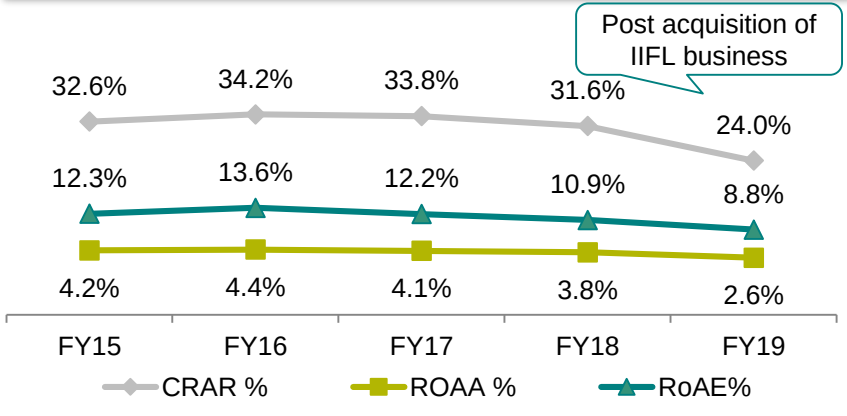
PAT (₹ Mn)



Data for FY18 & FY19 are under Ind AS

& IGAAP FY18 PAT : ₹ 2,244 mn

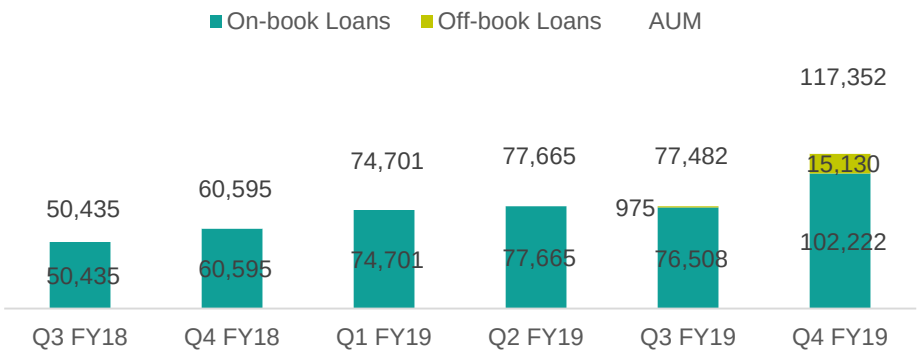
Return Ratios & Capital Adequacy



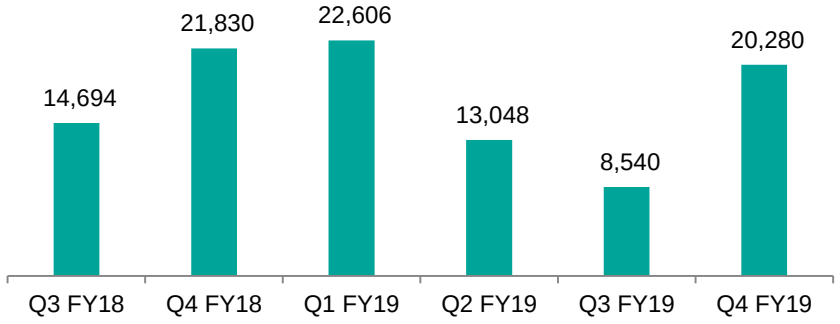
Q4 FY19: Encouraging Quarterly Performance Trend (1/2)

Consolidated Financials

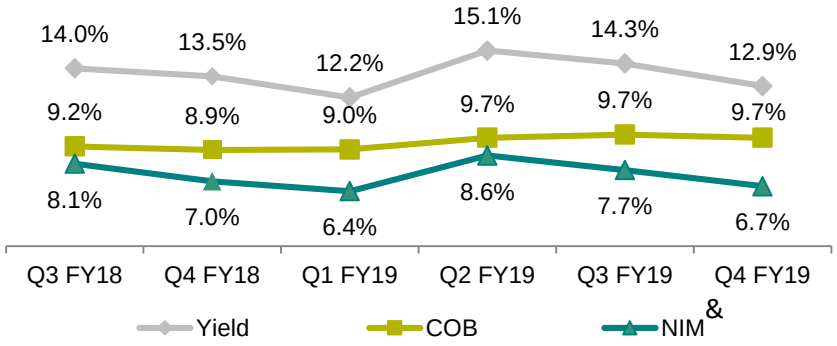
AUM (₹ Mn)



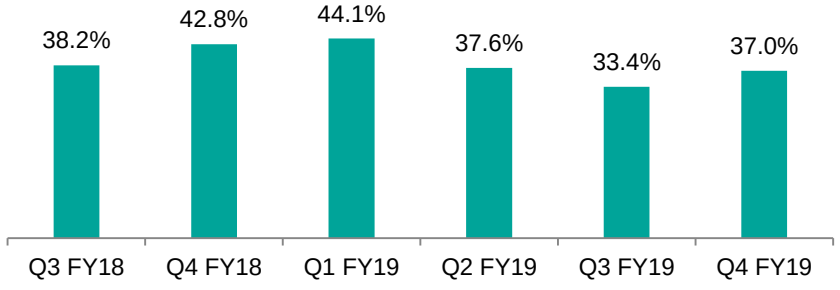
Loan Disbursements (₹ Mn)



Spread Analysis (%)



Cost to Income Ratio (%) *



& NIM without IIFL assets Q4FY19 7.5%

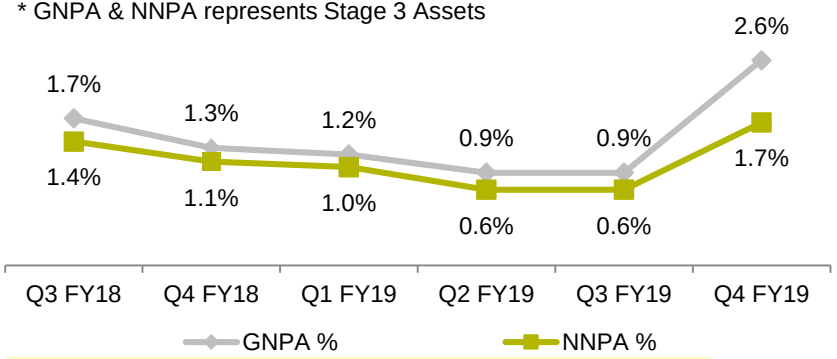
* Excluding credit costs and one off costs

Q4 FY19: Encouraging Quarterly Performance Trend (2/2)

Consolidated Financials

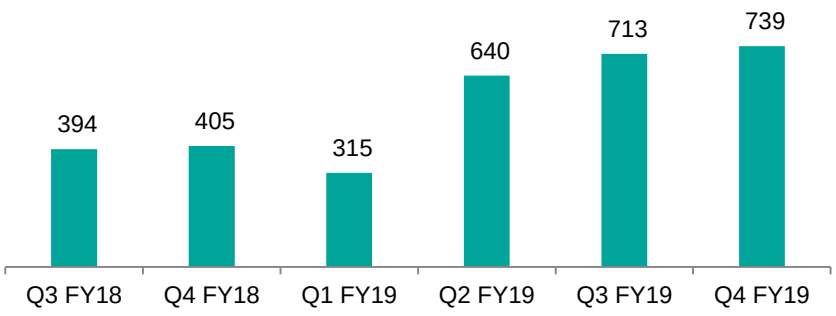
NPA (%)*

* GNPA & NNPA represents Stage 3 Assets

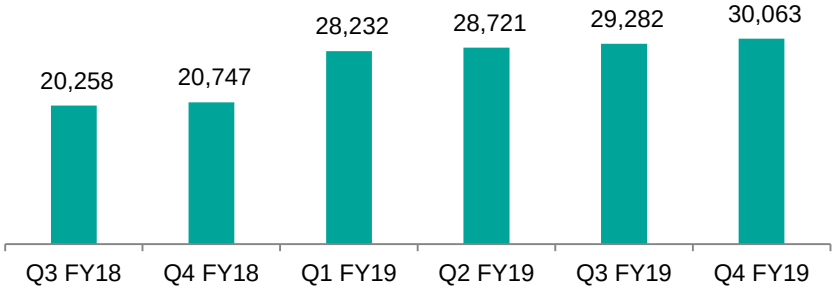


Without IIFL, Q4FY19 GNPA 0.7%, NNPA 0.5%

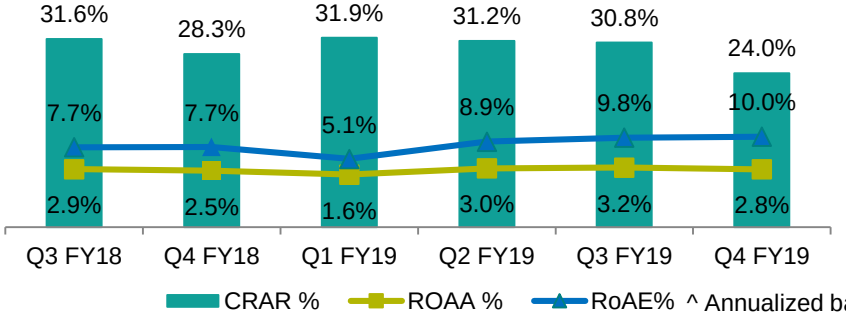
PAT (₹ Mn)



Net worth (₹ Mn)



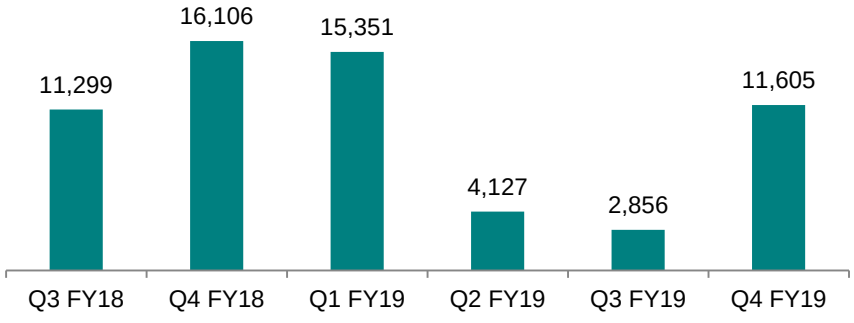
Return Ratios^ & Capital Adequacy (%)



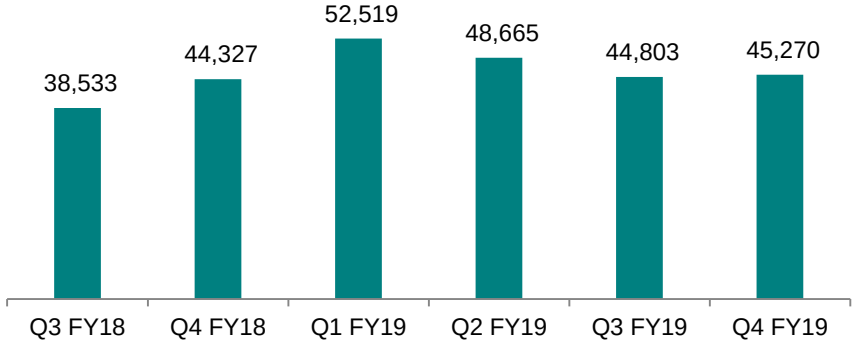
ROAA (without IIFL) Q4FY19 3.1%

Corporate Lending : Disbursements pick up in Q4 (1/3)

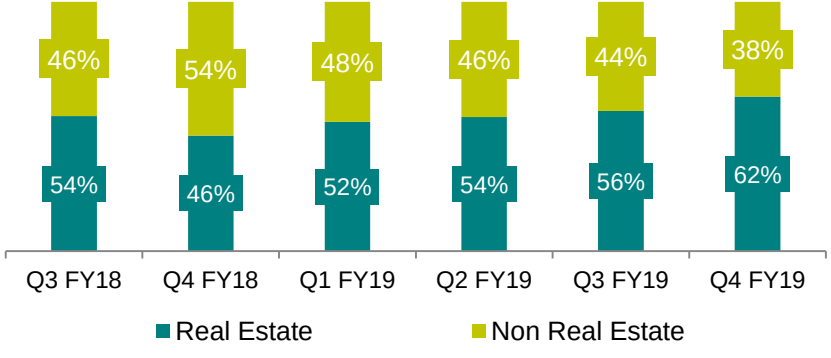
Gross Disbursements (₹ Mn)



Corporate Lending AUM (₹ Mn)



AUM Breakup: RE vs. Non-RE



Corporate Lending : Continuing Strong Profitability (2/3)

Particulars (₹ Mn)	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations	1,461	1,577	1,614	2,206	1,940	1,817
Interest Expenses	(522)	(627)	(722)	(836)	(789)	(790)
Net Interest Income	**939**	**950**	**892**	**1,370**	**1,151**	**1,028**
People Costs	65	53	44	67	23	108
Operating Expenses	5	1	1	0	1	1
Profit before Credit Costs	**870**	**897**	**847**	**1,303**	**1,127**	**918**
Credit Costs*	72	-42	17	10	-65	-121
Profit before Tax	**798**	**939**	**831**	**1,293**	**1,192**	**1,039**
Loan Assets	38,533	44,327	52,519	48,665	44,803	45,270
Equity^	13,389	13,058	17,399	15,933	14,277	11,329

NPA recoveries drive reversal in credit provisions in Q3 and Q4FY19

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

^ Allocated

Corporate Lending : Key ratios (3/3)

	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations*	15.5%	14.7%	13.4%	16.7%	15.7%	15.6%
Net Interest Income *	**9.9%**	**8.9%**	**7.4%**	**10.4%**	**9.3%**	**8.8%**
Operating Expenses *	0.7%	0.5%	0.4%	0.5%	0.2%	0.9%
Cost / Income	7.4%	5.6%	5.0%	4.9%	2.1%	10.7%
Profit before Credit Costs*	**9.2%**	**8.4%**	**7.0%**	**9.9%**	**9.1%**	**7.9%**
Credit Costs	0.8%	-0.4%	0.1%	0.1%	-0.5%	-1.0%
GNPA	**1.5%**	**1.1%**	**0.8%**	**0.4%**	**0.3%**	**0.0%**
NNPA	**1.1%**	**0.9%**	**0.7%**	**0.2%**	**0.2%**	**0.0%**
ROAA ^	**5.9%**	**5.4%**	**4.5%**	**6.6%**	**6.4%**	**5.5%**
Leverage	2.7x	3.1x	3.2x	3.2x	3.3x	4.0x
ROAE ^	**16.3%**	**17.0%**	**14.4%**	**21.0%**	**20.9%**	**21.8%**

- ✓ **Consistent high profitability**
- ✓ **Strong Asset Quality – zero credit losses till date**
- ✓ **Motivated team, low attrition in top management team**
- ✓ **Poised for strong growth with increasing lending opportunities**

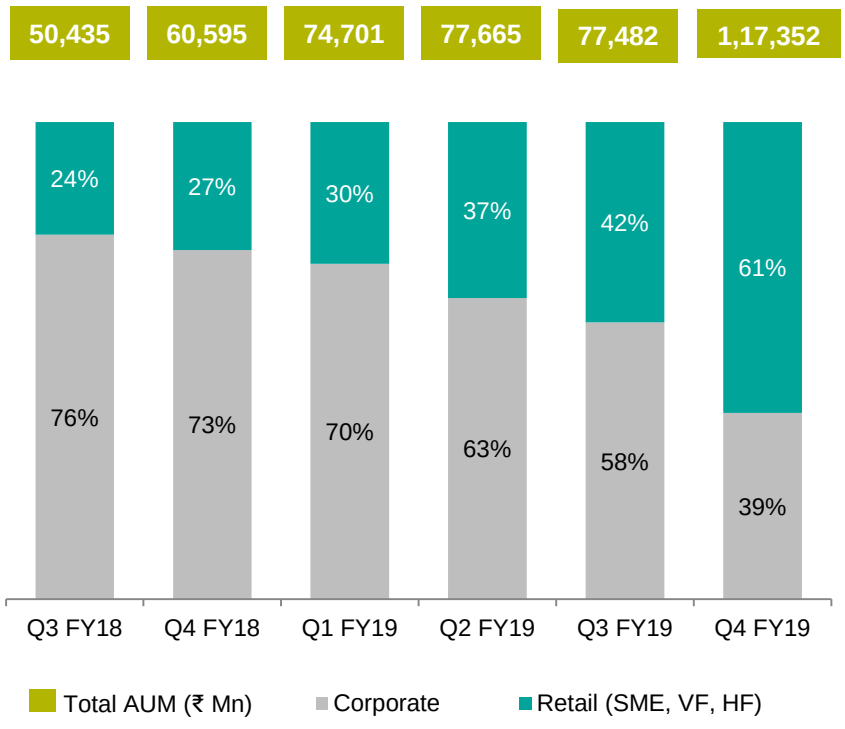
* On daily average basis

^ Annualized basis

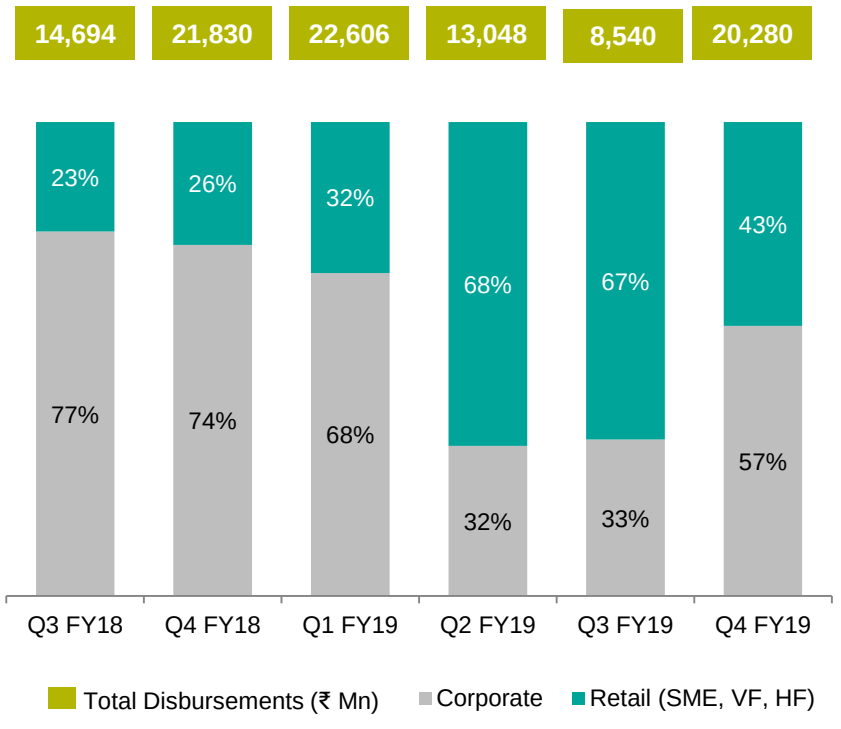
Retailisation Strategy Continues with Strong Momentum

Growing Proportion of Retail Lending in AUM and Disbursements

AUM: CL vs Retail (%)



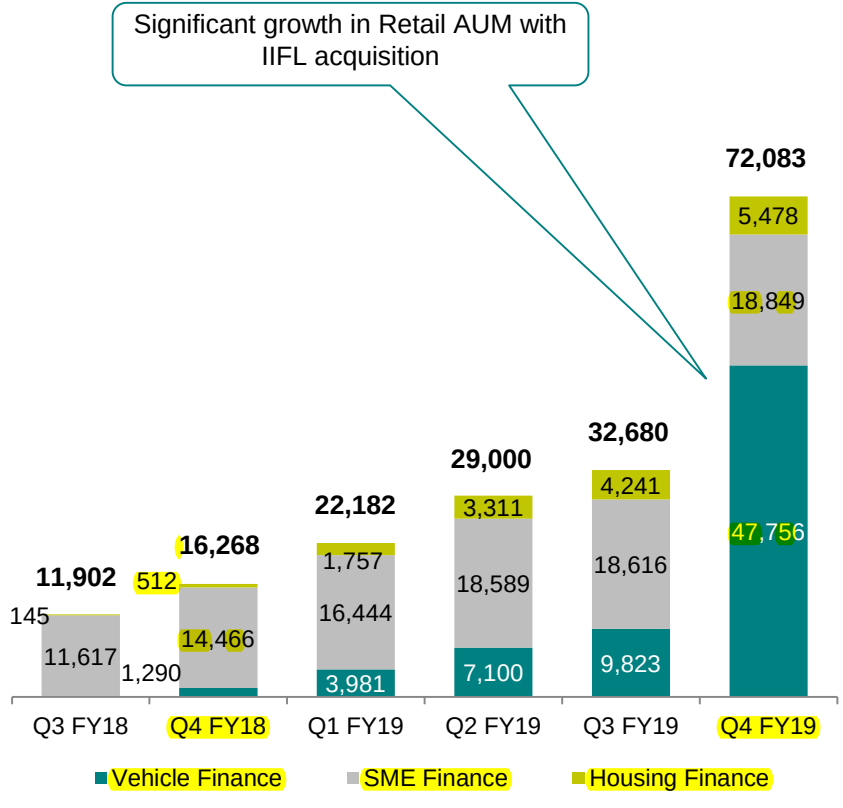
Disbursements: CL vs Retail (%)



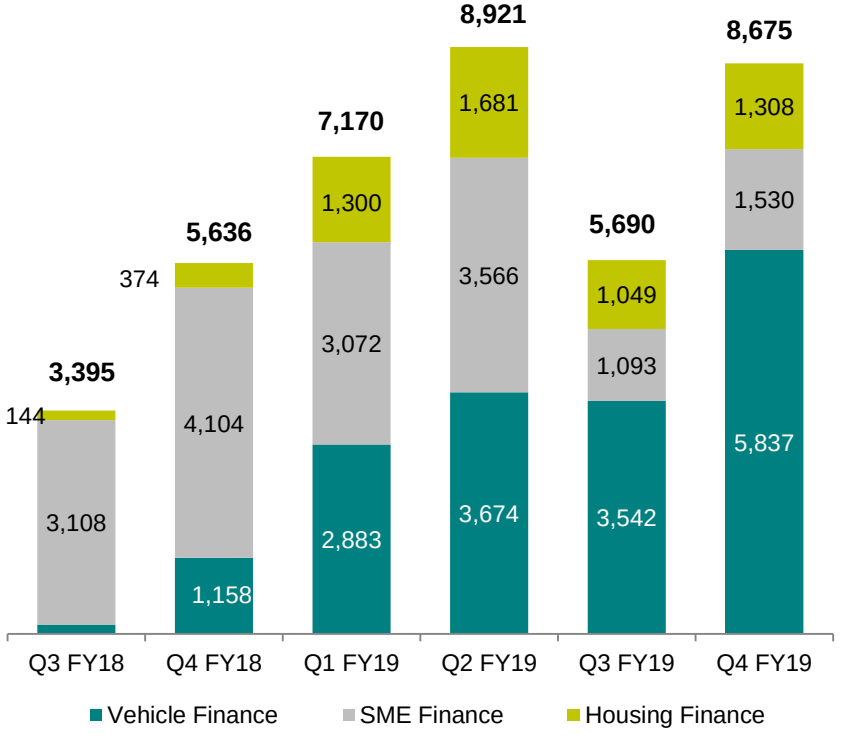
CL:, Corporate Lending, SME: SME Lending, VF: Vehicle Finance, HF: Housing Finance

Retail expansion on track : VF Disbursements pick up smartly in Q4

Retail AUM (₹ Mn)

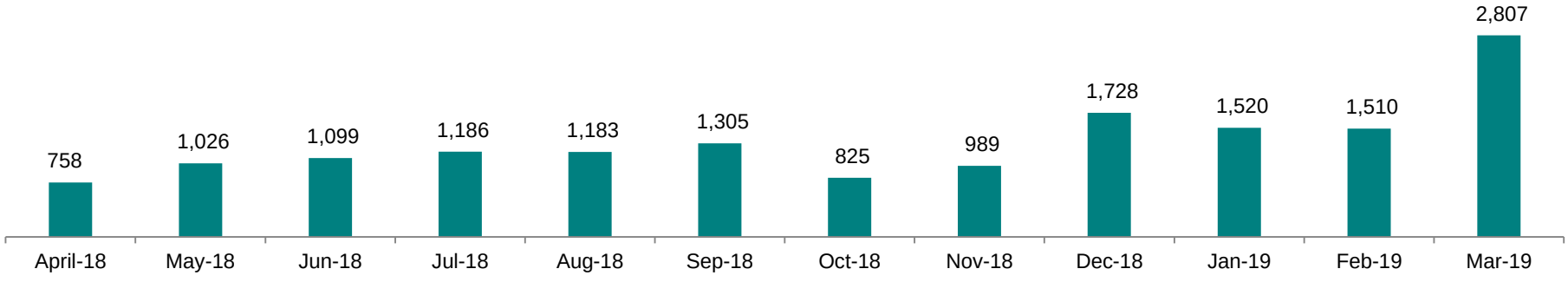


Retail Disbursements (₹ Mn)



Vehicle Finance : Continued strong growth in Q4 (1/3)

Vehicle Finance – Monthly Disbursement Trend (₹ Mn)



- ✓ **Commenced VF business in December 2017**
- ✓ **Consistent growth in AUM and Disbursements**
- ✓ **FY 2019 disbursals ₹ 15,936 Mn**
- ✓ **Completed first assignment transaction ₹ 709 mn in Q4FY19**
- ✓ **Business profitable in Q4FY19 in line with plan**

Vehicle Finance : Achieves Profitability in Q4FY19 (2/3)

Particulars (₹ Mn)	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations	0	25	103	234	346	542
Interest Expenses	(1)	(9)	(38)	(89)	(139)	(204)
Net Interest Income	**-0**	**16**	**65**	**145**	**207**	**338**
People Costs	32	77	95	119	97	149
Operating Expenses	11	49	107	108	117	115
Profit before Credit Costs	**-43**	**-110**	**-137**	**-82**	**-7**	**75**
Credit Costs *	1	4	13	24	49	68
Profit before Tax	**-43**	**-114**	**-150**	**-106**	**-56**	**7**
Loan Assets	140	1,290	3,981	7,100	9,823	34,328 #
Equity ^	49	380	1,319	2,325	3,130	8,591

Q4FY19 Loan Assets without IIFL ₹ 13,923 mn

Assignment Q4FY19 - ₹ 709 Mn

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

^ Allocated

Vehicle Finance : Key ratios (3/3)

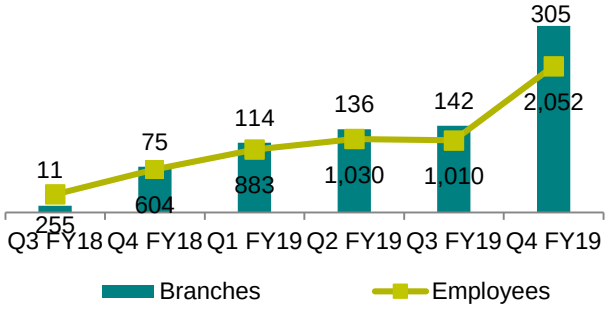
	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations *	n.a.	16.8%	16.1%	17.5%	17.1%	18.7%
Net Interest Income *	**n.a.**	**10.5%**	**10.2%**	**10.8%**	**10.3%**	**11.6%**
Operating Expenses *	n.a.	84.7%	31.7%	16.9%	10.6%	9.1%
Cost / Income	n.a.	807.5%	311.4%	156.5%	103.5%	77.8%
Profit before Credit Costs	**n.a.**	**-74.2%**	**-21.5%**	**-6.1%**	**-0.4%**	**2.6%**
Credit Costs	**n.a.**	**3.0%**	**2.0%**	**1.8%**	**2.4%**	**2.3%**
GNPA	**n.a.**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**6.1%**
NNPA	**n.a.**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**3.8%**
ROAA ^	**n.a.**	**-47.7%**	**-15.3%**	**-5.2%**	**-1.9%**	**0.1%**
Leverage	n.a.	3.3x	3.1x	3.0x	3.1x	3.8x
ROAE ^	**n.a.**	**-159.0%**	**-47.4%**	**-16.0%**	**-5.7%**	**0.2%**

Without IIFL GNPA 0.4%, NNPA 0.3%

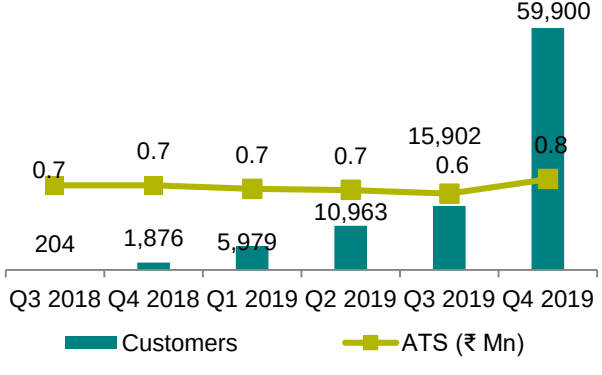
* On daily average basis

^ Annualized basis

Branches & Employees

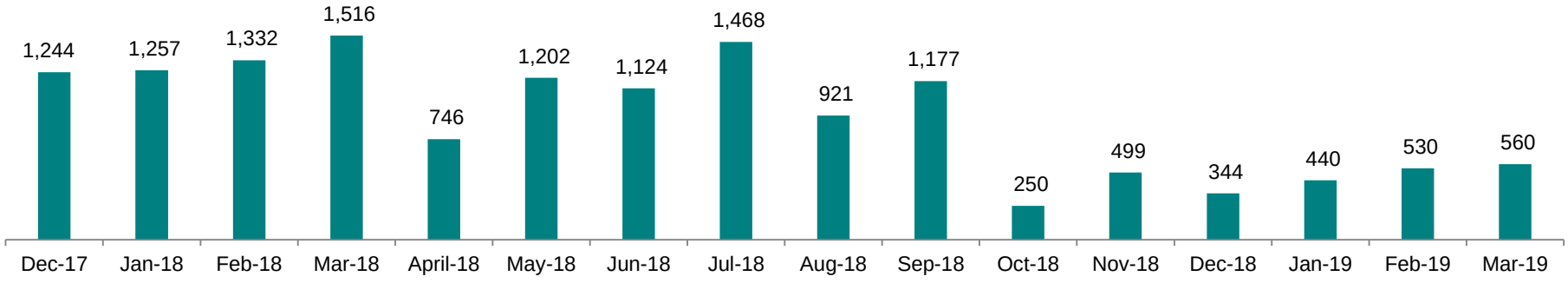


Customers & Avg. Ticket Size



SME Business : Calibrated volume growth in Q4 (1/3)

SME Finance – Monthly Disbursement Trend (₹ Mn)



- ✓ **SME Business is already profitable; Achieved profitability in FY18**
- ✓ **SME Finance being operated out of 10 branches in 8 states**
- ✓ **Overall assignment FY19 ₹ 1,672 mn; Q4FY19 ₹ 684 mn**
- ✓ **AUM growth and business scale leading to positive operating leverage and improving profitability**

SME Business is Profitable (2/3)

Particulars (₹ Mn)	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations	311	346	432	544	594	585
Interest Expenses	(150)	(193)	(230)	(284)	(303)	(309)
Net Interest Income	**161**	**152**	**203**	**260**	**292**	**276**
People Costs	57	39	53	56	40	38
Operating Expenses	23	21	20	21	21	23
Profit before Credit Costs	**81**	**92**	**129**	**182**	**231**	**214**
Credit Costs *	44	15	44	73	61	-26
Profit before Tax	**37**	**78**	**85**	**109**	**170**	**240**
Loan Assets	11,617	14,466	16,444	18,589	17,641	17,385 #
Equity ^	4,037	4,261	5,448	6,086	5,622	4,351

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

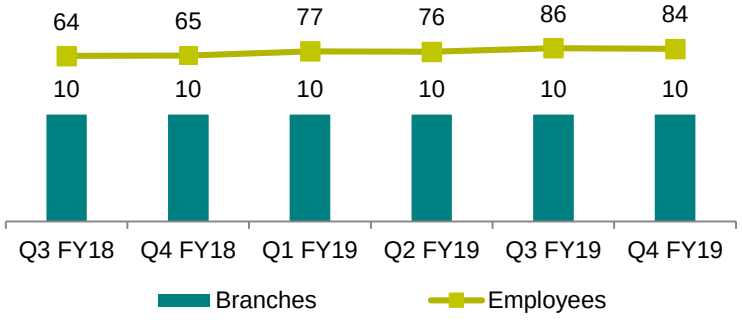
^ Allocated

Assignment Q4FY19 ₹ 684 Mn, Aggregate Assignment FY19 ₹ 1,672 Mn

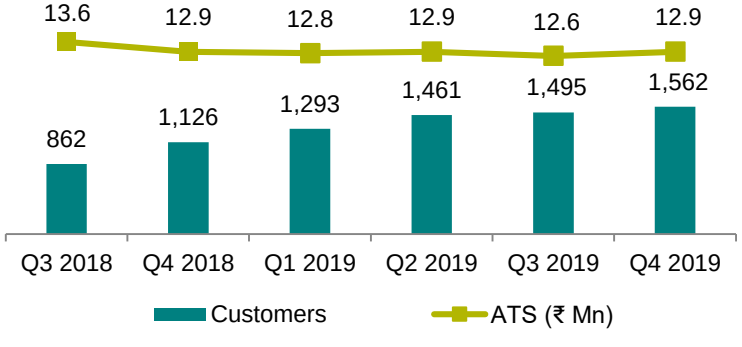
SME Business : Key ratios (3/3)

	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations *	11.8%	10.8%	11.4%	12.5%	13.0%	13.3%
Net Interest Income*	**6.1%**	**4.8%**	**5.3%**	**6.0%**	**6.4%**	**6.3%**
Operating Expenses*	3.0%	1.9%	1.9%	1.8%	1.3%	1.4%
Cost / Income	49.6%	39.4%	36.3%	29.9%	20.8%	22.3%
Profit before Credit Costs *	**3.1%**	**2.9%**	**3.4%**	**4.2%**	**5.0%**	**4.9%**
Credit Costs	1.7%	0.5%	1.2%	1.7%	1.3%	-0.6%
GNPA	**2.5%**	**2.1%**	**2.6%**	**2.4%**	**3.2%**	**3.1%**
NNPA	**2.2%**	**1.8%**	**2.3%**	**1.9%**	**2.3%**	**2.1%**
ROAA ^	**1.0%**	**1.5%**	**1.5%**	**1.7%**	**2.5%**	**3.3%**
Leverage	2.8x	3.1x	3.2x	3.0x	3.1x	3.5x
ROAE ^	**2.7%**	**4.7%**	**4.9%**	**5.3%**	**7.6%**	**11.5%**

Branches & Employees



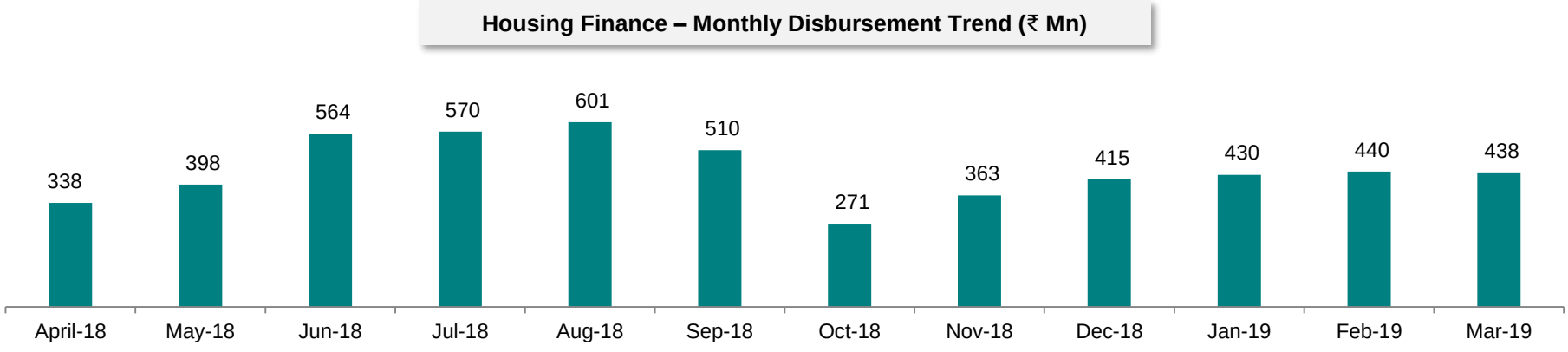
Customers & Avg. Ticket Size



* On daily average basis

^ Annualized basis

Housing Finance Business : Steady disbursements in Q4 (1/3)



- ✓Consistent growth in AUM and disbursements
- ✓First assignment transaction ₹ 239 mn in Q4FY19
- ✓Business profitable in Q4FY19 in line with plan

Housing Finance Business : Achieves Profitability in Q4FY19 (2/3)

Particulars (₹ Mn)	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations	1	9	36	80	133	189
Interest Expenses	(1)	(4)	(16)	(41)	(63)	(84)
Net Interest Income	**1**	**5**	**20**	**38**	**70**	**105**
People Costs	27	47	62	93	81	28
Operating Expenses	4	12	13	30	24	28
Profit before Credit Costs	**-31**	**-55**	**-55**	**-85**	**-34**	**49**
Credit Costs *	1	3	3	4	3	4
Profit before Tax	**-32**	**-58**	**-58**	**-88**	**-37**	**45**
Loan Assets	**145**	**512**	**1,757**	**3,311**	**4,241**	**5,239** #
Equity ^	**50**	**151**	**582**	**1,084**	**1,351**	**1,311**

Assignment Q4FY19 ₹ 239 Mn

* Credit cost are expected loss provisions computed under IndAS plus write offs

^ Allocated

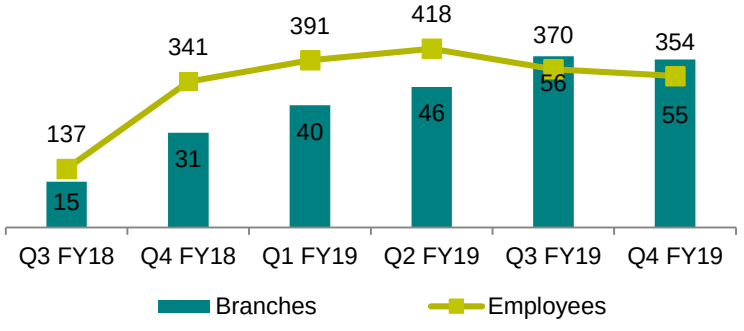
Housing Finance : Key ratios (3/3)

	Q3 FY 18	Q4 FY 18	Q1 FY 19	Q2 FY 19	Q3 FY 19	Q4 FY 19
Revenue from Operations *	18.8%	15.0%	14.4%	13.2%	14.3%	15.8%
Net Interest Income *	**8.9%**	**8.4%**	**8.1%**	**6.4%**	**7.6%**	**8.8%**
Operating Expenses *	406.7%	100.8%	30.1%	20.4%	11.3%	4.7%
Cost / Income	4580.8%	1199.8%	374.0%	320.1%	148.3%	53.2%
Profit before Credit Costs *	**-397.8%**	**-92.4%**	**-22.1%**	**-14.0%**	**-3.7%**	**4.1%**
Credit Costs	19.3%	5.4%	1.3%	0.6%	0.3%	0.4%
GNPA	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.1%**
NNPA	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**
ROAA ^	**-417.1%**	**-97.7%**	**-23.4%**	**-14.6%**	**-4.0%**	**3.7%**
Leverage	2.9x	3.3x	3.1x	3.0x	3.1x	3.6x
ROAE ^	**-1196.9%**	**-319.1%**	**-72.3%**	**-44.5%**	**-12.4%**	**13.3%**

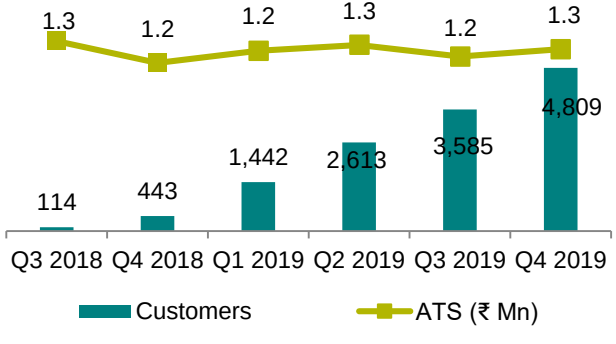
* On daily average basis

^ Annualized basis

Branches & Employees



Customers & Avg. Ticket Size



Our Strategic Priority:
Build A Well-Balanced & Diversified Lending Institution

INDOSTAR

Dream

To build a profitable, diversified asset book

- ✓ Continue to grow profitable corporate lending business
- ✓ Diversify asset book by building high-quality retail lending business
- ✓ Retail assets targeted at 75% of AUM by FY21
- ✓ Focus on secured lending to Middle India, having strong growth potential - vehicle finance, affordable housing finance and SME finance
- ✓ Judicious capital allocation

Drive

Become the "Go-To" NBFC for Middle India

- ✓ Be a catalyst in our customers' "LIFE KA TAKE-OFF"
- ✓ Become the partner of choice to fulfil growing aspirations of mid-market companies
- ✓ Increase market share in the niche used-vehicle finance business
- ✓ Penetrate deeper and become a preferred financier for small businesses
- ✓ Provide affordable home financing solutions to self employed & salaried customers

Deliver

Quality, Profitability & Growth

- ✓ Achieve calibrated growth while maintaining strong balance sheet
- ✓ Robust risk management - no compromise on credit quality in the pursuit of growth
- ✓ Achieve consistently improving profitability even while increasing diversity and granularity of our loan book
- ✓ Aim to consistently deliver mid-high teens ROE as the business achieves scale & operating leverage

Quick Snapshot

1. First Indian NBFC promoted by Global PE Investors

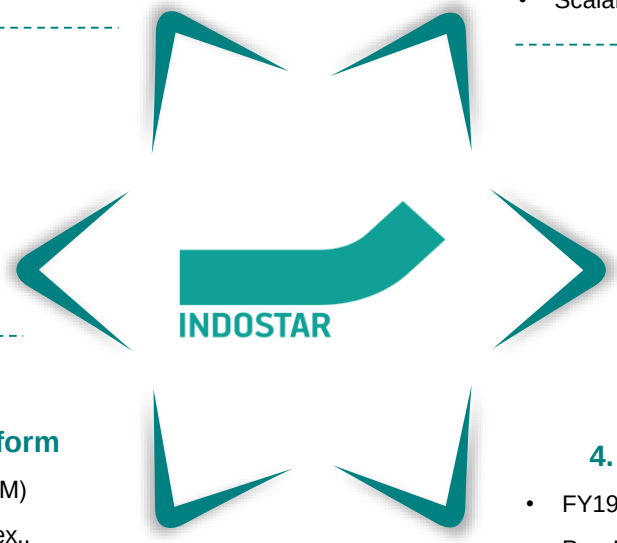
- Incorporated in 2011, sponsored by Everstone Capital and other marque investors
- Listed on NSE & BSE in May-18

2. Strong Performance Track Record

- FY15-19 CAGR: AUM 36%, PAT 13%
- Good Asset Quality, Healthy Profitability
- CRAR: 24%, sufficient capital available for rapid growth

3. Established Corporate Lending Platform

- FY19 Corporate AUM: ₹ 45,270 Mn (39% of total AUM)
- Differentiated lending with high asset quality, low opex., high NIMs, high ROAA
- Completed multiple credit cycles – Cumulative disbursement of Rs 258,293 Mn; of which 82% fully repaid



4. Aggressive Growth in Retail Loan Book

- FY19 Retail AUM: ₹ 72,082 Mn (61% of total AUM)
- Pan-India presence - 18 States, 322 Branches, 2,490 Employees, 66,271 Customers
- VF & HF profitable in Q4 FY19; SME already profitable

5. Entrepreneurial Leadership with Strong Sponsor Backing

- In-depth understanding of specific industry and geographic regions
- Separate business / credit heads for each vertical
- ESOP program (8.5% of fully diluted shares), interest aligned with business growth

6. Robust Risk Management & Scalable Technology Platform

- Strong credit underwriting processes
- Active Board oversight
- Scalable technology platform to support growth

SME: SME Finance, VF: Vehicle Finance, HF: Housing Finance

Retail Lending: Focus on High Growth Segments

Commenced Retail Lending in 2016 with Focus on High Growth Segments

Vehicle Finance to be the primary growth engine, while Housing Finance and SME Finance to offer strategic leverage

SME Finance

- **Commenced in FY 2016**
- **Focus area:** Traders, Manufacturers and Services. Turnover upto ₹ 250 Mn
- **Differentiating strategy:**
  - ~ 40% of SME loans qualify for PSL
  - Collateral - Self-occupied residential property
  - Customized solutions, short processing turn-around-time
  - 100% loans are secured, floating, monthly interest servicing
  - Sourcing : DSA driven
- **FY19 Branches: 10 ***
- **FY19 AUM: ₹ 18,849 Mn**
- **Indicative Yield: 13%, ATS: ₹ 12.9 Mn, Avg. Tenor: 15 years**

Housing Finance

- **Commenced in FY 2018**
- **Focus area:** Affordable HF, Self-employed individuals in outskirts of urban markets, Tier II cities
- **Differentiating strategy:**
  - Hired experienced personnel
  - Leverage VF branch network
  - Sourcing : Self, DSA, Connectors
- **FY19 Branches: 55 ***
- **FY19 AUM: ₹ 5,478 Mn**
- **Indicative Yield: 13.3%**
- **ATS: ₹ 1.3 Mn**
- **Avg. Tenor: 20 years**

Vehicle Finance

- **Commenced in FY 2018**
- **Focus area:** Used CV (5 – 12 years)
- **Differentiating strategy:**
  - Sourcing through field officers
  - Leverage team's relationships with SFOs, MFOs and LCV & MCV owners, dealerships
  - Headquartered in Chennai
  - Increase local on-ground presence to 17 key states
  - Sourcing : Self driven
- **FY19 Branches:** 305 [inc.161 IIFL branches]
- **FY19 AUM: ₹ 47,756 Mn**
- **Indicative Yield: 17%, ATS: ₹ 0.8 Mn, Avg. Tenor: 3 years**

* Some branches have multiple operating segments, ATS: Avg. Ticket Size

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
MD, Head – Corporate Lending and Markets

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

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

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 and Standard Chartered 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[1]
- ✓ Distinct and delineated responsibilities to ensure good corporate governance
- ✓ Strong capital sponsorship also providing access to best industry practices and international corporate governance standards

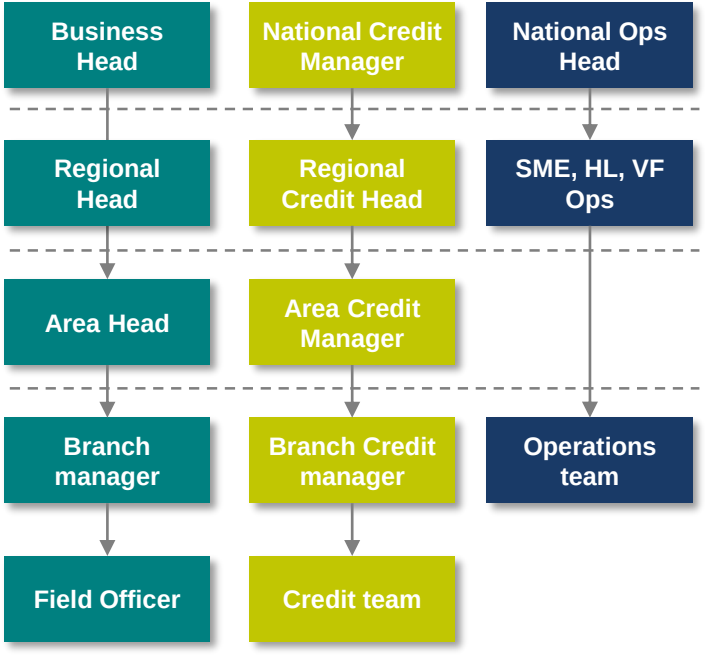
Name	Designation	Description
Dhanpal Jhaveri	Chairman & Non-Executive Director	▪ Director since 2010; Partner at Everstone Capital ▪ Experience in investing, corporate strategy, mergers and acquisitions and investment banking ▪ Previously worked with Vedanta Group, ICICI Securities, KPMG India
R.Sridhar	Executive Vice Chairman & CEO	▪ 30+ years of experience in financial services industry ▪ Previously associated with various entities forming part of the Shriram group
Sameer Sain	Non-Executive Director	▪ Director since 2011 ▪ Several years of experience in investment management, institutional wealth management and special investments
Alok Oberoi	Non-Executive Director	▪ 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	▪ 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	▪ 30+ years experience in insurance ▪ Previously served as the Chairman of Life Insurance Corporation of India
Bobby Parikh	Non-Executive Independent Director	▪ Director since 2011 ▪ Several years of experience in finance
Naina Krishna Murthy	Non-Executive Independent Director	▪ 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, IPO Committee, Credit Committee, Management Committee, Corporate Lending Committee, Retail Lending Committee, Banking Committee and Debenture Committee

Independent Directors

Robust Risk Management Framework

Organizational Framework Aligned to Mitigate Risk



Credit, Sourcing and Operations function independently

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

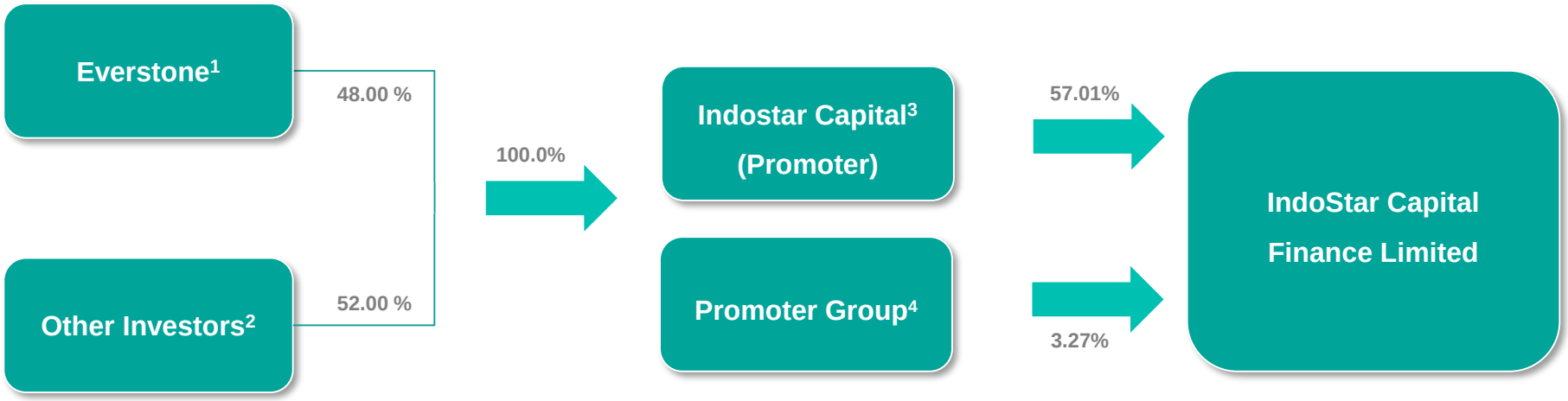
3 Risk Management Policies

- 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

Promoters Shareholding Structure



Strong capital sponsorship of Everstone Group

EVERSTONE

India and SEA focused

US$5.0bn
AuM

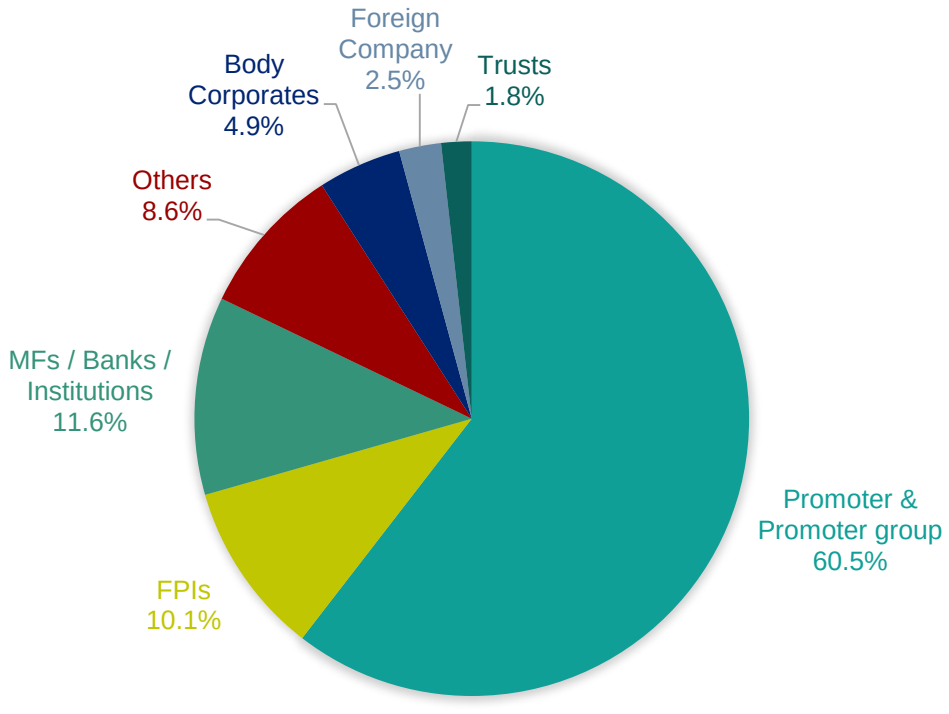
6

'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. (2.25%) 5. Recognized as 'Private Equity Firm of the Year in India' by Private Equity International for seven consecutive years from 2011 to 2017.

Shareholding Pattern

Shareholding @ 31 March 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

Source – NSE, Company data

* Additionally hold ESOP for ~ 8.5% of fully diluted equity

For Further Queries

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