



ICFL/LS/0310/2018-19

22 February 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.:** Schedule of investor conference to be attended by the Company

Dear Sir / Madam,

Please find below schedule of investor conference to be attended by the Company:

Date	Event	Location
24 February 2019	Equitymaster Investor Conference	The Taj Palace, Mumbai

The Company with respect to aforesaid conference will discuss on the enclosed presentation which shall also be uploaded on the Company's website at [www.indostarcapital.com](http://www.indostarcapital.com).

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

Thanking you,

Yours faithfully,

**For IndoStar Capital Finance Limited**

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



Encl: As above

**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](mailto:contact@indostarcapital.com) | [www.indostarcapital.com](http://www.indostarcapital.com)  
CIN : L65100MH2009PLC268160

V. S. S. S.



# INDOSTAR CAPITAL FINANCE LIMITED

Equitymaster Conference

24<sup>th</sup> February 2019

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

## 1. First Indian NBFC promoted by Global PE Investors

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

## 2. Strong Performance Track Record

- FY14-18 CAGR: AUM 24%, PAT 19%
- High Asset Quality, Healthy Profitability
- CRAR: 30.8%, sufficient capital available for rapid growth

## 3. Established Corporate Lending Platform

- Q3 FY19 Corporate AUM: ₹ 44,803 Mn (58% of total AUM)
- Differentiated lending with high asset quality, low opex., high NIMs, high ROAA
- Completed multiple credit cycles – Cumulative disbursement of Rs 2,47,413 Mn; of which 82% fully repaid

## 6. Robust Risk Management & Scalable Technology Platform

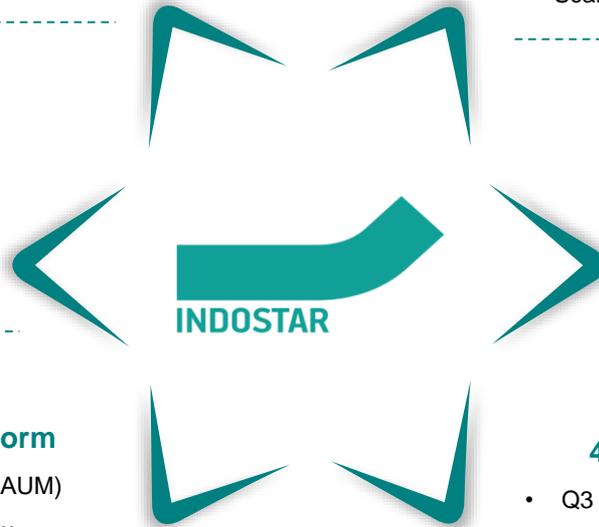
- Strong credit underwriting processes
- Active Board oversight
- Scalable technology platform to support growth

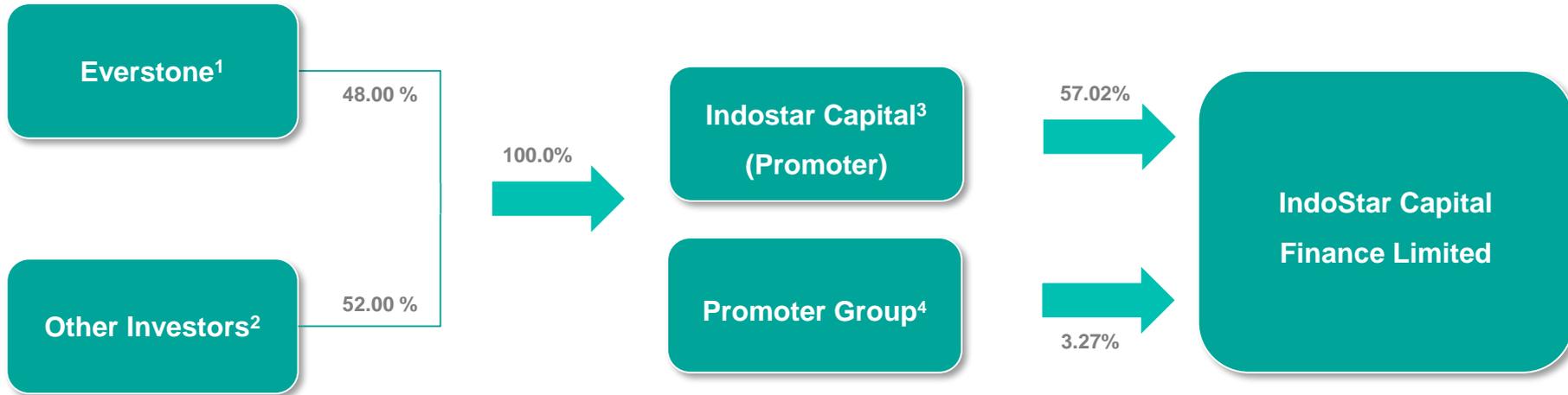
## 5. Entrepreneurial Leadership with Strong Sponsor Backing

- In-depth understanding of specific industry and geographic regions
- Separate business / credit heads for each vertical
- ESOP program (8.7% of fully diluted shares), interest aligned with business growth

## 4. Aggressive Growth in Retail Loan Book

- Q3 FY19 Retail AUM: ₹ 32,680 Mn (42% of total AUM)
- Pan-India presence - 17 States, 159 Branches, 1,485 Employees, 20,982 Customers
- SME already profitable, VF & HF on track to achieve break even





## 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. (2.04%) 5. Recognized as 'Private Equity Firm of the Year in India' by Private Equity International for seven consecutive years from 2011 to 2017.

# 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 (8.7% 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

# 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>Sameer Sain</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>Director since 2011</li> <li>Several years of experience in investment management, institutional wealth management and special investments</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, IPO Committee, Credit Committee, Management Committee, Corporate Lending Committee, Retail Lending Committee, Banking Committee and Debenture Committee

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

## 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 estimated to be over 50% of AUM within 3 years from present 42%
- ✓ 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.

Growth, Asset Quality, & Profitability

- ✓ 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

## Commenced Retail Lending in 2015 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
- **Q3 FY19 Branches: 10 \***
- **Q3 FY19 AUM: ₹ 18,616 Mn**
- **Avg. Yield: 11.5%, ATS: ₹ 13 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
- **Q3 FY19 Branches: 56 \***
- **Q3 FY19 AUM: ₹ 4,241 Mn**
- **Avg. Yield: 13.3%**
- **ATS: ₹ 1.2 Mn**
- **Avg. Tenor: 20 years**

### Vehicle Finance

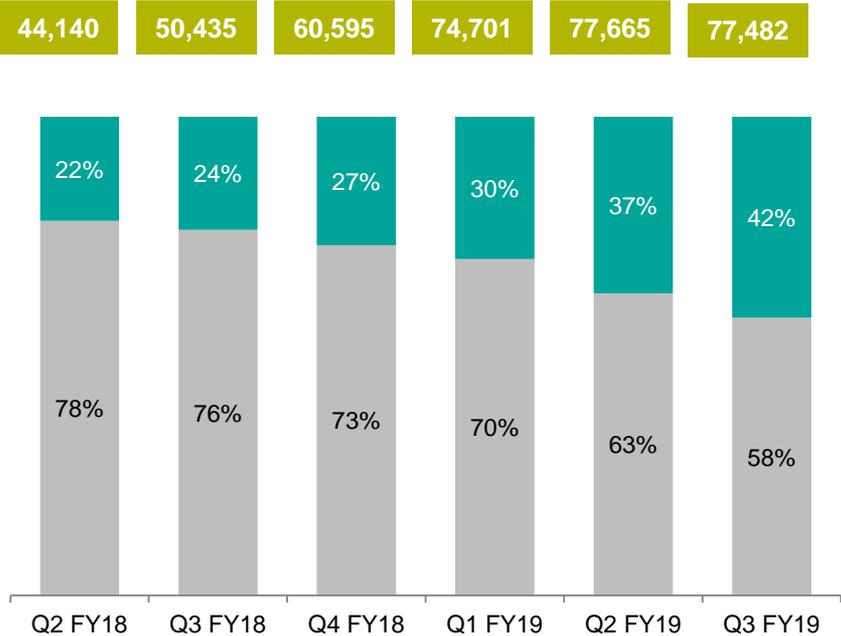
- **Commenced in FY 2018**
- **Focus area:** Used CV (5 – 12 years)
- **Differentiating strategy:**
  - Sourcing through field officers
  - Leverage team's relationships with SFOs, MFOs and LCV & MCV owners, dealerships
  - Headquartered in Chennai
  - Increase local on-ground presence to 17 key states
  - Sourcing : Self driven
- **Q3 FY19 Branches: 142 [inc.16 Rural Centres] \***
- **Q3 FY19 AUM: ₹ 9,823 Mn**
- **Avg. Yield: 16.6%, ATS: ₹ 0.6 Mn, Avg. Tenor: 3 years**

# Our Retailisation Strategy is progressing well

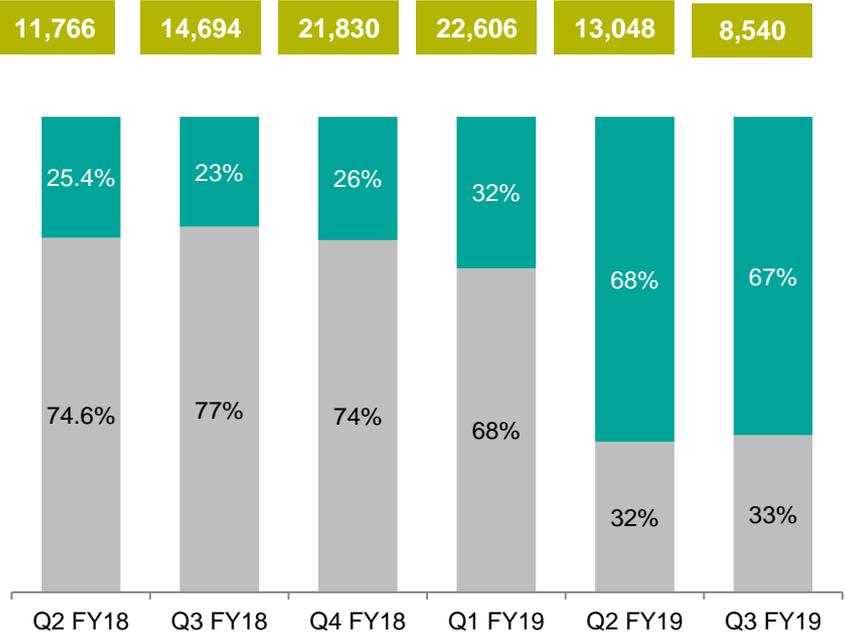


## Rising Proportion of Retail Lending in the Overall AUM and Disbursements

**AUM: CL vs Retail (%)**



**Disbursements: CL vs Retail (%)**



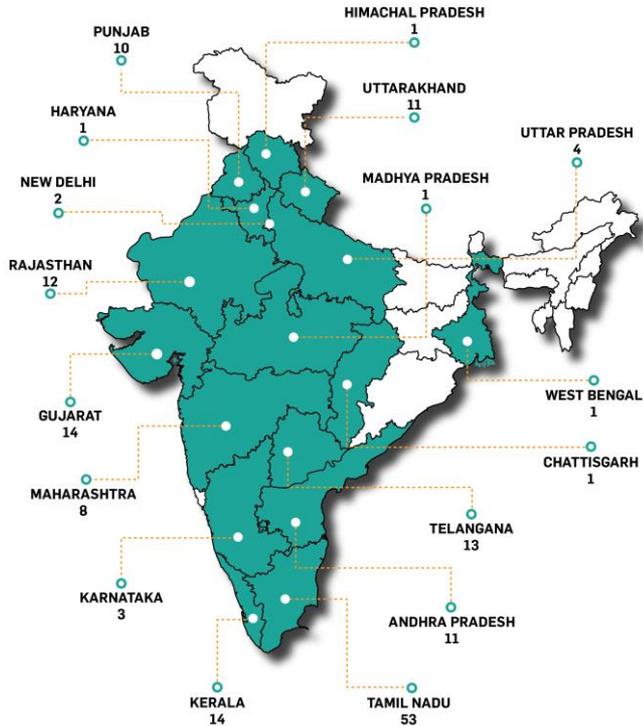
■ Total AUM (₹ Mn)   ■ Corporate   ■ Retail (SME, VF, HF)

■ Total Disbursements (₹ Mn)   ■ Corporate   ■ Retail (SME, VF, HF)

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

# We have a Pan India distribution footprint

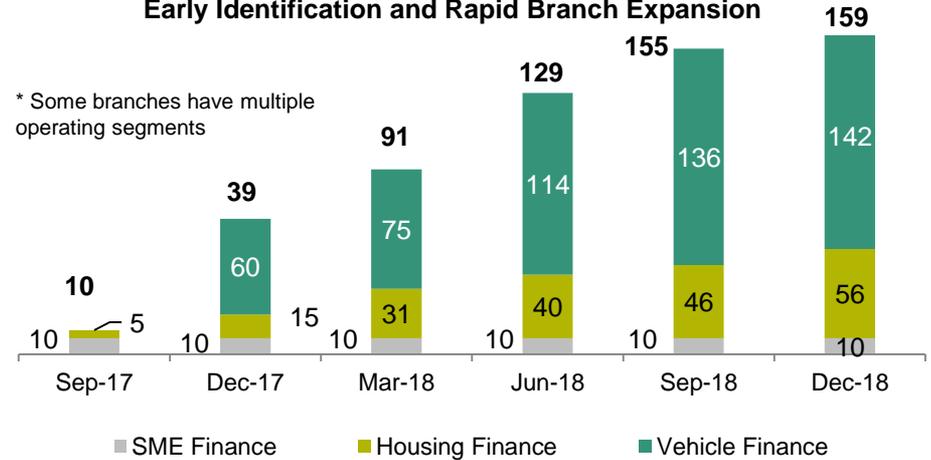
## 159 Branches Across 17 States



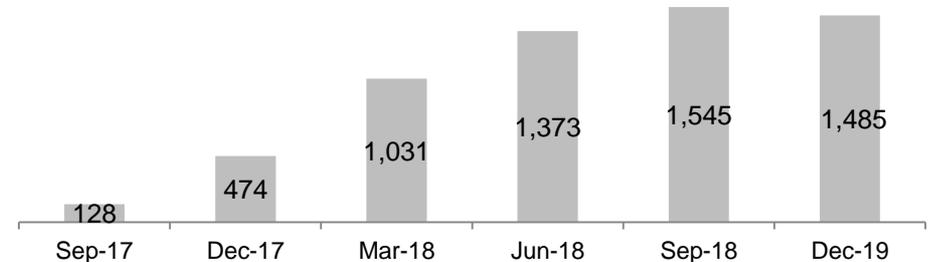
- ✓ Phase 1 of Retail Business roll-out completed
- ✓ Significant investments in people & infrastructure

## Early Identification and Rapid Branch Expansion

\* Some branches have multiple operating segments

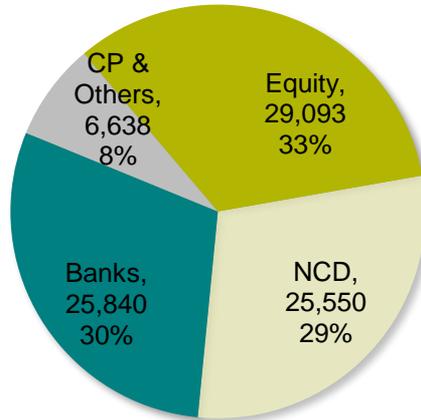


## Retail Lending - Employee Base

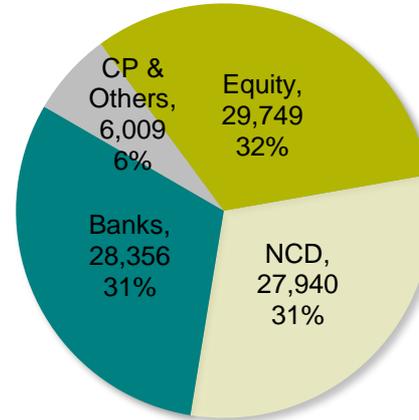


# We have a diversified funding mix with strong credit ratings

Funding Mix % - September 2018 (₹ Mn)



Funding Mix % - December 2018 (₹ Mn)



Proportion of Commercial Paper and Short Term Funding 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 (+)

# Our Liquidity position is very comfortable

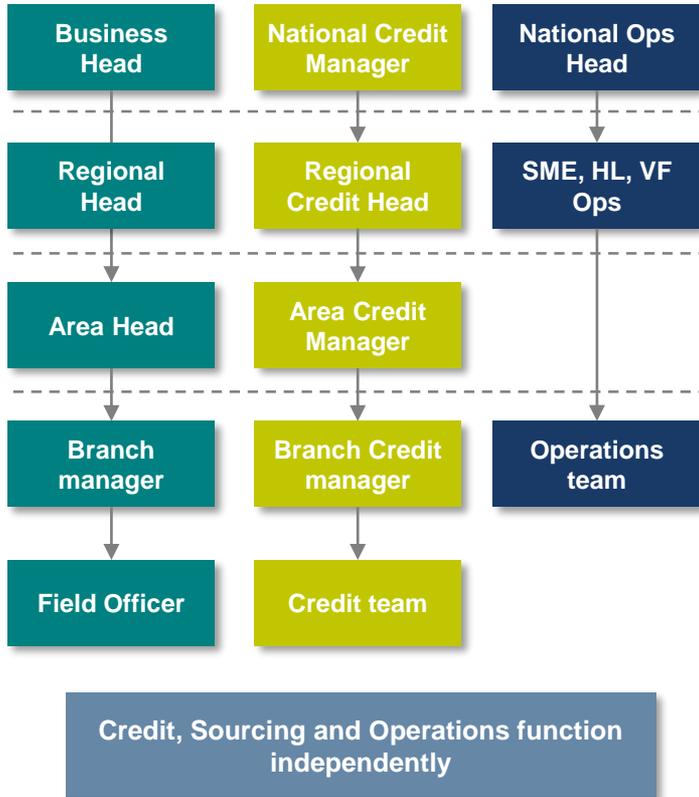
## Positive ALM month on month, in FY 19 and FY 20

Particulars (₹ Mn)	Jan-19	Feb-19	Mar-19	FY20
Opening Cash & Cash Equivalents *	21,909	18,715	18,764	17,327
Loan Repayment Inflows (Principal)	669	643	1,088	18,760
<b>Total Inflows</b>	<b>22,578</b>	<b>19,358</b>	<b>19,852</b>	<b>36,087</b>
Liability Repayment (Principal)				
Commercial Papers	3,000	-	1,250	1,150
NCDs	-	100	250	11,050
Term Loans & Others	613	264	1,026	8,221
Others	250	230	-	90
<b>Total Outflows</b>	<b>3,863</b>	<b>594</b>	<b>2,526</b>	<b>20,511</b>
<b>Closing Cash &amp; Cash Equivalents</b>	<b>18,715</b>	<b>18,764</b>	<b>17,327</b>	<b>15,576</b>

### \* Details of Opening Cash & Equivalents (₹ Mn)

Cash & Bank Balance	6,950
Cash Equivalents	
Liquid Debt MFs	7,800
Term Deposits with Banks	409
Undrawn Funding Lines	6,751
<b>Total</b>	<b>21,909</b>

## 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

# Key Highlights – Q3FY19 results



## Retailisation : Execution on track

- Retail AUM: ₹ 32,680 Mn [+274% YoY, +13% QoQ]
- Retail asset book 42% of total AUM



## Well-capitalised, Low Leverage – headroom for growth

- Strong Tier 1 CRAR of 30.0%
- Debt : Equity ratio of 2.1x



- Cost under control
- Healthy profitability parameters

- Cost / Income: 33.4% [4.2% down QoQ]
- PAT: ₹ 713 Mn [+181% YoY, +11% QoQ]
- ROA & ROE: 3.2% & 9.8%
- SME business already profitable; VF & HF seeing good revenue traction
- Strong asset quality with low NPAs; GNPA 0.9%; NNPA 0.6%



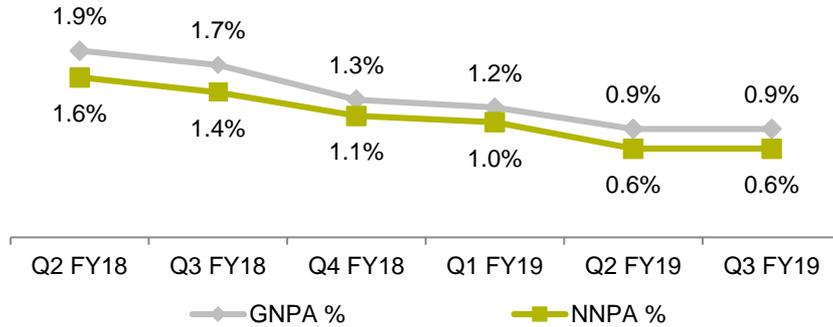
## Comfortable Liquidity position

- Cash & Equivalents of ₹ 21,909 Mn; 35% of borrowings
- Positive ALM in all buckets, month on month, at least for next 15 months

# We are doing well on all financial parameters

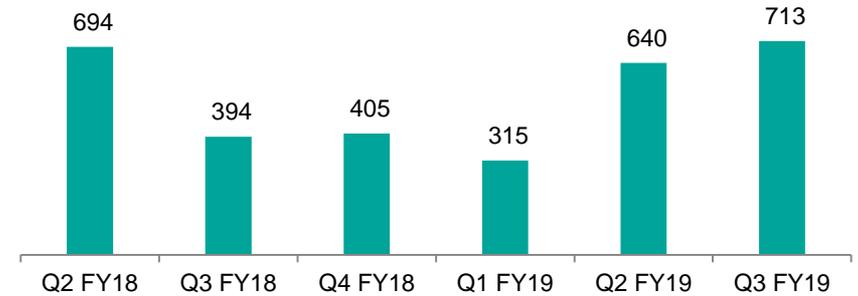
## Consolidated Financials

### NPA (%)\*

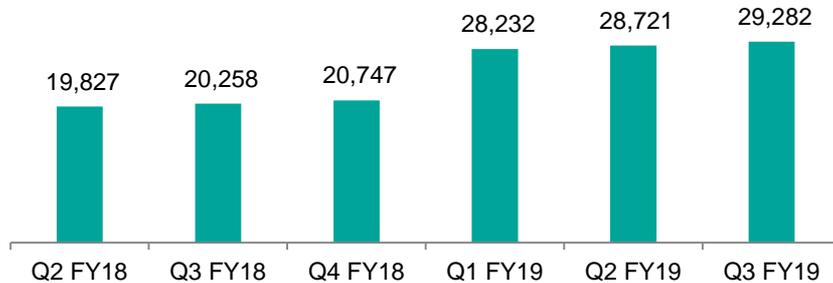


\* GNPA & NNPA represents Stage 3 Assets

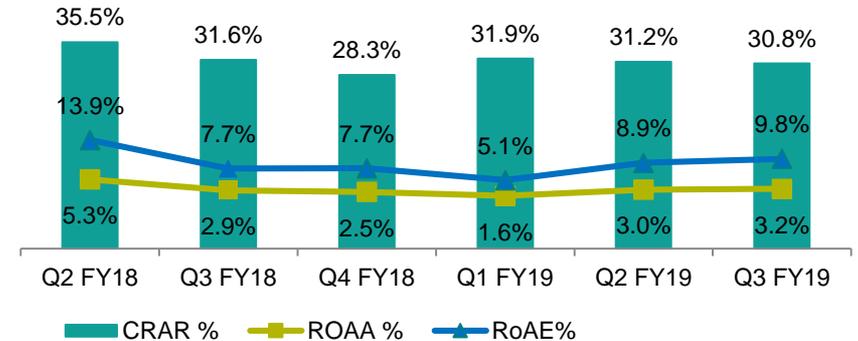
### PAT (₹ Mn)



### Net worth (₹ Mn)

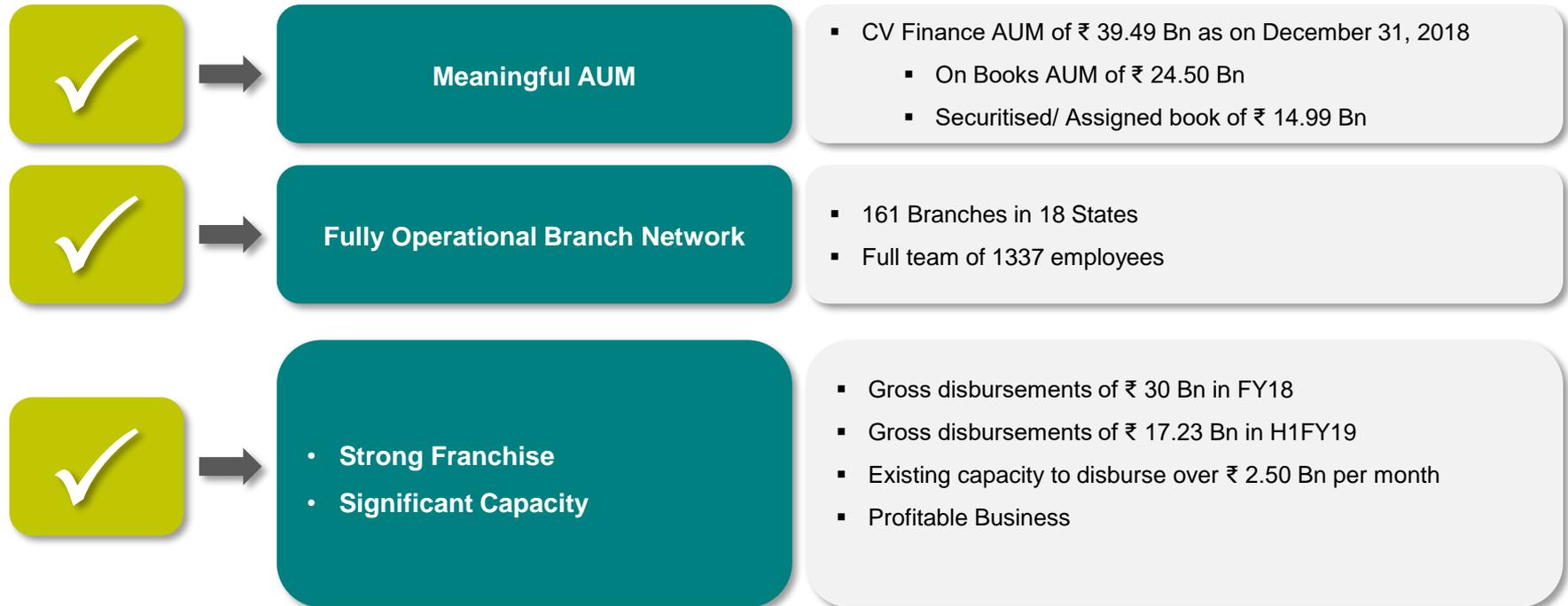


### Return Ratios^ & Capital Adequacy (%)



^ Annualized basis

## Contours of the Acquisition





**Retailisation : Execution on track**

- Retail AUM: ₹ 72.17 Bn (62% of Total AUM of ₹116.97 Bn as on date)
- CV Finance AUM increases to ₹ 49.31 Bn from ₹ 9.82 Bn (402% increase)



**Accelerates Branch Expansion Program**

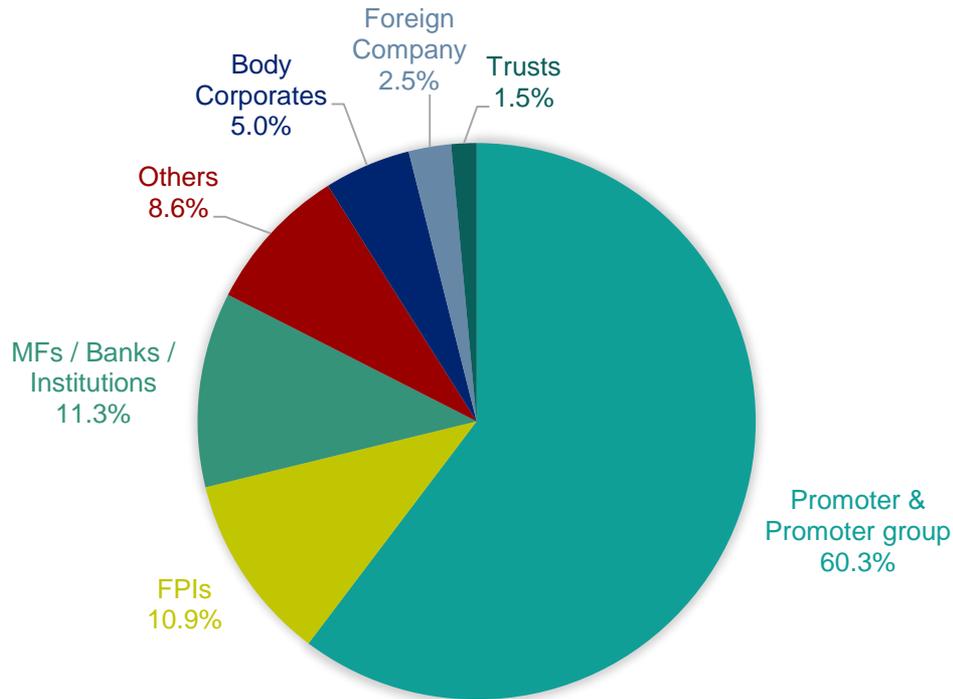
- Branch network increases from 159 to 320 overnight – saves over 2 years build up time for IndoStar
- CV Finance Employee Strength increases from 1000 to 2337
- Disbursement Capacity increases from ₹ 1.5 Bn per month to ₹3.5 Bn per month



**Accelerates Break Even of CV Finance Business**

- Adds high yield CV Finance AUM of ₹ 39.49 Bn immediately to IndoStar
- Profit accretive from day 1 for IndoStar
- Overall CV Finance business of IndoStar would break even in Q1FY20 itself on a significantly larger capacity and volume

## Shareholding @ 31 Dec 2018



## 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
BNP Paribas Arbitrage Fund
Edelweiss Alternative Investments
Jupiter
ICICI Lombard General Insurance
HDFC Standard Life Insurance
Aditya Birla MF
Sundaram MF
East Bridge Capital

# For Further Queries



**Pankaj Thapar**  
**CFO**

Contact No: +91 22 4315 7036

Email – [pthapar@indostarcapital.com](mailto:pthapar@indostarcapital.com)

**Rajagopal Ramanathan**  
**IRO**

Contact No: +91 22 4315 7068

Email - [rramanathan@indostarcapital.com](mailto:rramanathan@indostarcapital.com)



**Nilesh Dalvi**  
**IR Consultant**

Contact No: + 91 9819289131

Email – [nilesh.dalvi@dickensonir.com](mailto:nilesh.dalvi@dickensonir.com)