



# InCred Financial Services Limited

Performance Update 9M FY24

**InCred** finance

2016-18

- Acquired NBFC license
- Hired Leadership team
- **2 Retail & 3 MSME** products launched
- **Raised INR 585 Cr** of equity
- **Employees: 100+**
- **Profitable** in 1<sup>st</sup> year of operations in 2017

2019-20

- **Raised INR 427 Cr** through **marquee investors**
- **Employees: 500+**

2021-23

- **Raised ~INR 500 Cr**, to become only the second **Unicorn** produced in India in 2023
- Rating upgraded to **A+/Stable** by **CRISIL & CARE**
- Successfully completed Merger of **KKR India and InCred** in July'22
- **Customers: 350,000+**
- **Employees: 1,600+**



Asset under Management

INR 7,941 Cr



**Long Term rating of 'A+' by CRISIL & CARE (Outlook- Stable)**

|  |                               |                     |  |  |                                  |
|--|-------------------------------|---------------------|--|--|----------------------------------|
|  | <b>Asset under Management</b> | <b>INR 7,941 Cr</b> |  | <b>GNPA/NNPA</b>                       | <b>2.6%/1.2%</b>                 |
|  | <b>Gross Disbursements</b>    | <b>INR 6,583 Cr</b> |  | <b>Return on Assets</b>                | <b>5.7% (PBT)<br/>4.3% (PAT)</b> |
|  | <b>Net worth</b>              | <b>INR 3,218 Cr</b> |  | <b>PCR<br/>PCR (incl. W/o)</b>         | <b>56%<br/>(73%)</b>             |
|  | <b>Profit before Tax</b>      | <b>INR 298 Cr</b>   |  | <b>Capital to Risk<br/>Asset ratio</b> | <b>34%</b>                       |
|  | <b>LCR</b>                    | <b>1,259%</b>       |  | <b>Debt to Equity</b>                  | <b>1.5x</b>                      |

# OVERVIEW OF PORTFOLIO

|                            | Personal Loan                       | PL Partner                 | Student Loans                          | School Financing & LAP                      | MSME Lending                       | Lending to FIs                      |
|----------------------------|-------------------------------------|----------------------------|--|---|------------------------------------|-------------------------------------|
| <b>AUM</b>                 | INR 3,016 Cr                        | INR 545 Cr                 | INR 1,778 Cr                           | INR 500 Cr                                  | INR 1,466 Cr                       | INR 635 Cr                          |
| <b>Product Mix</b>         | 38%                                 | 7%                         | 22%                                    | 6%  | 18%                                | 8%                                  |
| <b>Average ROI</b>         | 24.5%                               | 16.5%^                     | 13.5%                                  | 15.2%                                       | 15.2%                              | 14.3%                               |
| <b>Average Tenor</b>       | 45 months                           | 16 months                  | 16 years                               | 10 years                                    | 23 months                          | 22 months                           |
| <b>Average Ticket size</b> | 205 k                               | 37 k                       | 3.3 mn                                 | 4.2 mn                                      | 1.4 mn                             | 57.9 mn                             |
| <b>Loan profile</b>        | Short - medium term unsecured loans | Short term unsecured loans | For pursuing higher education overseas | Educational Institutions / LAP for business | Business loans, Supply chain loans | NBFCs/ NBFC-MFI registered with RBI |

^ Net hurdle rate

# 1

## Risk Minimization

- Diversified offerings help safeguard from macro and external risks
- Significant growth opportunities at reasonable risk-reward in each of the existing products

# 2

## Opportunity to Grow

- Expand existing portfolio through deepening presence across geographies through addition of branches
- Tactically growing in product lines depending on market opportunity in different business lines. For e.g. followed conservative approach in School financing during Covid-19 but increased student loans not impacting the overall profitability.

# 3

## Liability Management

- Borrowing basket to create a balanced mix of long and short-term liabilities leading to better ALM management
- Diversified sources of lenders (DFIs, PSU & Private Banks, NBFCs, & Capital Markets)



## Different approach for all products

Build **distinctive products** and **customer experiences**, to attract the **best risk profiles**



## Customer monitoring

Enhanced supervision or monitoring of the borrower's business and financial activity to guard against over leverage



## Integral part of Operations

Formulated comprehensive processes to identify, evaluate and manage risks that are encountered during conduct of business activities



## Early Warning Signals

Actions or remedial measures taken as a result of identified early warning signs



## Consistently improve

Continue to maintain strict risk management standards to reduce credit risks and promote a robust recovery process



## Accelerated Collections Activity

Focus to maximize loan repayments while the borrower at risk is still able to make payments

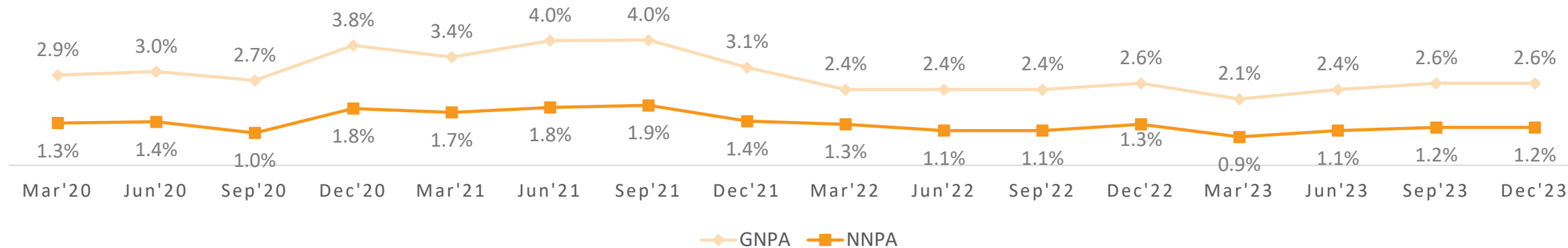
| Product Segment*               | Q1FY23     | Q2FY23     | Q3FY23     | Q4FY23     | Q1FY24     | Q2FY24     | Q3FY24     |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Personal Loans                 | 94%        | 94%        | 95%        | 95%        | 95%        | 95%        | 94%        |
| Student Loans                  | 99%        | 99%        | 99%        | 99%        | 99%        | 99%        | 100%       |
| Secured School Financing & LAP | 74%        | 76%        | 78%        | 80%        | 78%        | 83%        | 84%        |
| MSME Lending                   | 99%        | 100%       | 99%        | 98%        | 99%        | 99%        | 99%        |
| Lending to FIs                 | 100%       | 100%       | 100%       | 100%       | 100%       | 100%       | 100%       |
| <b>Total</b>                   | <b>98%</b> | <b>98%</b> | <b>98%</b> | <b>98%</b> | <b>98%</b> | <b>98%</b> | <b>98%</b> |

## Healthy Collection Efficiency throughout

*\*numerator (actual collections) in collection efficiency computation is after adjustment of collections against previous month dues*

*Collection efficiency excluding adjustment of previous month dues for Secured school financing is ~100%*

*Nos. above does not include Wholesale lending, discontinued book, Partner book and NPA*



| Segment                         | Gross NPA   |             |             |             | Net NPA     |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                 | Mar-23      | Jun-23      | Sep-23      | Dec-23      | Mar-23      | Jun-23      | Sep-23      | Dec-23      |
| Personal Loans - Core           | 2.6%        | 2.5%        | 2.5%        | 2.6%        | 0.7%        | 0.6%        | 0.7%        | 0.7%        |
| Personal Loans - Partner        | 0.7%        | 1.3%        | 5.7%        | 10.3%       | 0.7%        | 1.2%        | 4.9%        | 6.3%        |
| Student Loans                   | 0.2%        | 0.2%        | 0.2%        | 0.2%        | 0.1%        | 0.1%        | 0.1%        | 0.1%        |
| Secured School Financing & LAP  | 9.5%        | 11.4%       | 9.3%        | 4.2%        | 4.8%        | 5.8%        | 4.4%        | 2.0%        |
| Anchor & Escrow backed Lending  | 1.7%        | 2.7%        | 2.6%        | 2.4%        | 1.0%        | 1.6%        | 1.1%        | 1.1%        |
| Lending to FIs                  | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| Wholesale Lending               | 0.0%        | -           | -           | -           | -           | -           | -           | -           |
| <b>Total</b>                    | <b>2.1%</b> | <b>2.4%</b> | <b>2.6%</b> | <b>2.6%</b> | <b>0.9%</b> | <b>1.1%</b> | <b>1.2%</b> | <b>1.2%</b> |
| <b>NPA incl. Colending book</b> | <b>1.9%</b> | <b>2.2%</b> | <b>2.2%</b> | <b>2.1%</b> | <b>0.8%</b> | <b>1.0%</b> | <b>1.0%</b> | <b>0.9%</b> |

<sup>^</sup>Nos. considering impact of merger





**Robust technology backbone design for multi-product play and scalability focus**

**Access application anytime & from anywhere**

**Scalable to handle millions of transactions seamlessly**

**Near real-time data availability for all critical business functions**

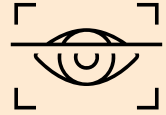
**Fast product launches and quick integration with third-party providers**

| Parameter                  | FY21  | FY22 <sup>^</sup> | FY23  | 9M FY24 |
|----------------------------|-------|-------------------|-------|---------|
| <b>AUM</b>                 | 2,645 | 4,272             | 6,062 | 7,941   |
| <b>Net worth</b>           | 1,046 | 2,219             | 2,483 | 3,218   |
| <b>Debt</b>                | 1,673 | 3,240             | 3,913 | 4,848   |
| <b>Net Interest Income</b> | 233   | 265               | 467   | 518     |
| <b>Credit Cost</b>         | 89    | 43                | 32    | 25      |
| <b>Operating Expenses</b>  | 138   | 200               | 282   | 275     |
| <b>Profit before Tax</b>   | 12    | 48                | 207   | 298     |

<sup>^</sup>FY22 numbers are of merged entity

| Parameter                 | FY21  | FY22 | FY23 | 9M FY24 |
|---------------------------|-------|------|------|---------|
| <b>CRAR</b>               | 37%   | 37%  | 33%  | 34%     |
| <b>Debt/Equity</b>        | 1.6x  | 1.5x | 1.6x | 1.5x    |
| <b>GNPA%</b>              | 3.9%  | 2.4% | 2.1% | 2.6%    |
| <b>NNPA %</b>             | 1.9%  | 1.3% | 0.9% | 1.2%    |
| <b>PCR %</b>              | 46%   | 50%  | 56%  | 56%     |
| <b>PCR % (Inc. W/off)</b> | 70%   | 74%  | 81%  | 73%     |
| <b>NIM (%)</b>            | 10.7% | 9.0% | 9.6% | 10.7%   |
| <b>Credit Cost (%)</b>    | 4.1%  | 1.5% | 0.7% | 0.5%    |
| <b>Opex / AUM (%)</b>     | 6.3%  | 6.7% | 5.3% | 5.2%    |
| <b>ROA (Pre-tax) (%)</b>  | 0.6%  | 1.6% | 4.1% | 5.7%    |

## Fully Secured



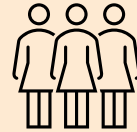
*Protected against all known (and unknown) vulnerabilities by continuous testing*

## Significant scale



*Currently handling median of 80 lakh API requests/day and a max of 1.2 Cr API hits/day*

## Operating leverage



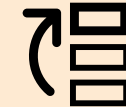
*100X volumes handled with flat 100-member operations team*

## Automatic unwind



*Can go to last known good configuration at push of a button*

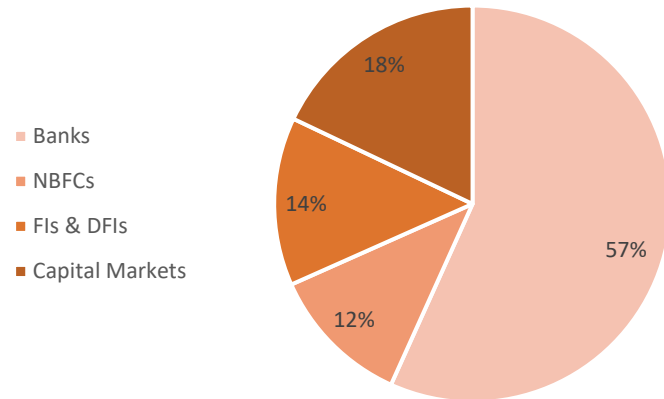
## Highly Performant



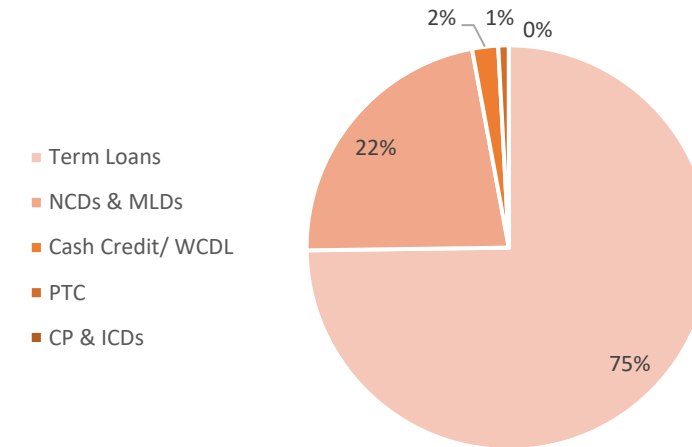
*Fast page load and API response times. Investing in this further as we expand to tier 2/3 regions with slow internet and 99.9% uptime*

Will help us achieve cost savings, continuous improvement in security and our ability to move at pace as we massively scale

### Breakdown by Source



### Breakdown by Facility



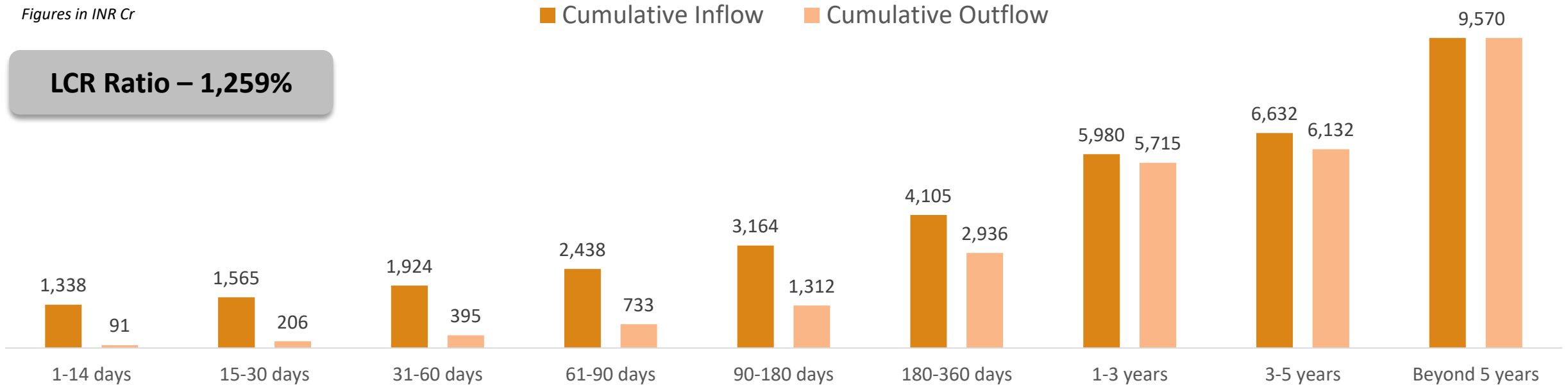
*~85% of the borrowings from Long Term Sources*

| Borrowings (INR Cr.)            | O/S as of Dec'23   | Raised in 9M FY24 |
|---------------------------------|--------------------|-------------------|
| Term Loan incl. ECB             | 3,626              | 1,823             |
| PTCs                            | 41                 | 67                |
| NCDs incl. MLDs                 | 1,081              | 329               |
| Cash Credit/ WCDL, CP & ICD     | 101                | 40                |
| Co- lending / Direct Assignment | 1,512 <sup>^</sup> | 1,298             |
| <b>Total</b>                    | <b>6,360</b>       | <b>3,556</b>      |

<sup>^</sup>Does not form part of on balance sheet borrowing

## ALM Profile – As on Dec'23

Figures in INR Cr



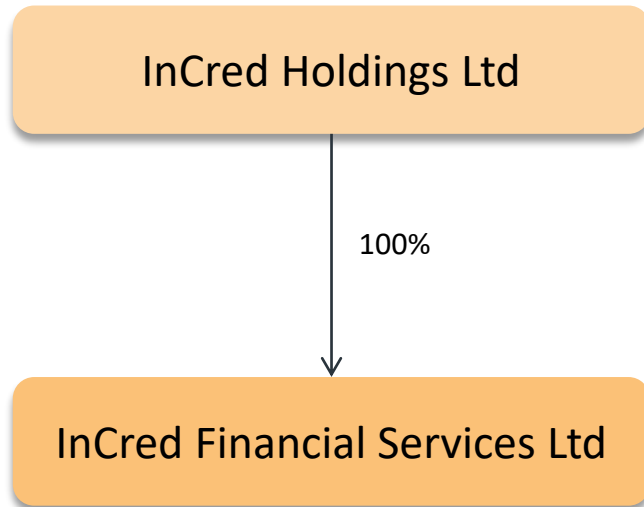
**LCR Ratio – 1,259%**

### Cumulative GAP<sup>^</sup>



**Prudent Liquidity Management leading to cumulative positive gap in all buckets**

<sup>^</sup>Cumulative GAP (%) = Net flows (i.e. cumulative inflows – cumulative outflows) as a % of cumulative outflows



| Shareholders of InCred Holdings Ltd  | Shareholding % |
|--------------------------------------|----------------|
| Bhupinder Singh^                     | 21.8%          |
| KKR Singapore                        | 13.4%          |
| Teacher Retirement System of Texas^^ | 9.0%           |
| Abu Dhabi Investment Authority^^     | 4.2%           |
| Ranjan Pai (Manipal Group)           | 10.7%          |
| OAKS Assets Management               | 7.0%           |
| Anshu Jain                           | 3.6%           |
| Moore Strategic Ventures             | 2.0%           |
| Dalmia Group                         | 1.7%           |
| Elevar Equity                        | 1.6%           |
| Ravindran Pillai                     | 1.3%           |
| Others                               | 23.7%          |
| <b>Total</b>                         | <b>100.0%</b>  |

## Marquee Investors



*^includes promoter performance pool from KKR Consortium; expected within a period of 2 years upon achievement of financial targets*

*^^The ADIA & TRS have their shareholding in KKR Singapore and not directly in InCred. The split has been made basis their percentage holding in KKR Singapore*





**Ambika Bisla**

**Independent Director**

Previously served as technical advisor to Ministry of Finance, Department of Financial Service etc.



**Sunita Gupta**

**Independent Director**

Executive Director and CFO in PNB Gilts Ltd. and senior finance positions at Punjab National Bank



**Bhupinder Singh**

**Whole Time Director & CEO**

Previously Co- Head of Banking & Securities for Asia Pacific at Deutsche Bank



**Karnam Sekar**

**Independent Director**

Former DMD- SBI and MD- Dena Bank and IOB



**Anil Nagu**

**Non-Executive Director**

CFO of KKR India since 2019 Previously, ED and Group Head Strategy & Finance for Omni United, Citibank



**Vivek Bansal**

**Whole Time Director & CFO**

Previously Dy. CFO & Group Head for Finance at Yes Bank, Director-Finance for Fidelity, Europe



**Rupa Vora**

**Independent Director**

Former Group Director and CFO of Alternatives at IDFC



**Rohan Suri**

**Non-Executive Director**

Director in KKR. Serves on the boards of Shriram General Insurance Company Ltd., Re Sustainability Ltd., Vini Cosmetics Pvt. Ltd.



**Sankaran Nair Rajagopal**

**Independent Director**

Previously Regional Director in RBI, Nominee Director in the board of Bank of Maharashtra



**Vivek Anand P S**

**Non Executive Director**

Founder and MD at Oaks Asset Management Over 20 years of experience in Banking





**Saurabh Jhalaria**  
**Head- Education & SME Business**  
Previously responsible for Corporate & SME credit risk management for India & SEA at Deutsche Bank



**Prithvi Chandrasekhar**  
**Head- Consumer Finance**  
Previously in leadership roles at Capital One and Experian, and in management consulting at Accenture and McKinsey



**Krishna Bahety**  
**Chief Risk Officer**  
Previously Head – Policies at Udaan, Senior leadership roles in Magma Fincorp, Fullerton, Citi Group.



**Ashwin Sekar**  
**Chief Technology & Product Officer**  
Previously worked with GAIN Credit and Global Analytics at senior Tech positions



**Kamlesh Dangi**  
**Group Head- Human Resource**  
Previously Group President at UTI AMC, Group Chief People Officer at Religare Ent. & Joint GM- ICICI



# THANK YOU

**InCred! *finance***

**InCred Financial Services Limited**

(Formerly known as KKR India Financial Services Limited)

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