

Star Housing Finance Ltd

CORPORATE DECK

Oct 2022

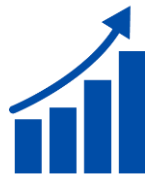


STAR
HOUSING FINANCE
Star hai toh bharosa hai

STAR HFL - COMPANY BRIEF



- RBI regulated rural housing finance company
- Listed on the BSE (BOM: 539017)
- Headquartered in Mumbai



- Asset build up through four business verticals namely (a) regular home loans, (b) co-lending loans (c) digital home loans (d) rural home loans
- Focus on growing retail book
- Strong digital platform to support growth



- Disburses low ticket loans in rural / semi-urban geographies to first-time home buyers
- Products include housing loans for new purchase, construction, renovation, composite and balance transfer



- Present in Rajasthan, Maharashtra, Madhya Pradesh, Gujarat & Tamil Nadu
- 20 Points of Presence with a work force of 130+



- Demonstrated scale-up in equity and liability
- Established relationships with Public Sector Banks, FIs and the National Housing Bank



- AUM at Rs. 150 crs+ with 1750+ live accounts
- Avg. Loans Size of Rs. 11 lakhs and Avg. LTV of 62%
- Well poised to cross Rs. 500 crs AUM in line with business plan

KEY MANAGEMENT

Ashish Jain



Managing Director
HFC Exp: 12 Year

Kalpesh Dave



**Head - Corp. Planning
& Strategy**
HFC Exp: 12 years

Natash Narayanan



CFO
BFSI Exp: 15 years

CA Anoop Saxena



Head - Credit & Ops
HFC Exp: 15 years

Shakir Sheikh



Head - Legal
HFC Exp: 35 years

CS Shreyas Mehta



Company Secretary
BFSI Exp: 7 years

CA Shikha Dharmawat



Head - Accounts
HFC Exp: 5 Year

Sandeep Kadam



**Business Head
Rest of Maharashtra**
HFC Exp: 15 years

Rajesh Gopinath



**Business Head
Tamil Nadu**
HFC Exp: 20 years

Nilesh Pande



**Business Head
Vidarbha**
HFC Exp: 15 years

Mohan Tayade




**Business Head
Surat**
HFC Exp: 10 years

RICH IN DOMAIN & VINTAGE

CUMULATIVE EXPERIENCE OF MORE THAN 175 YEARS IN FINANCIAL SERVICES SPACE





EVOLUTION TO A PROFESSIONAL HFC (1/2)

COMPANY EVOLUTION	
Before Oct 2019	Current Status
 Akme Star HFC <small>Akme Star Housing Finance Ltd.</small> <small>We do not tender loans, We tender happiness</small>	 STAR HOUSING FINANCE <i>Star hai toh bharosa hai</i>
Old Name	New Name
 Registered office at Udaipur	 Registered & Corporate office shifted to Mumbai
 Listed on BSE SME platform	 Migrated to BSE Main Board
 Ad-hoc growth characteristics with minimal processes	 Structured approach towards growth defined by policies, processes & guidelines with strong risk framework





BUSINESS EVOLUTION	
Before Oct 2019	Current Status
Franchise based Business Model	In-house business model
Geographic concentration	Multi-state presence
11 member team	125+ strong team
Sizeable portion of AUM comprised of big ticket / project loans	Dedicated focus on retail loans, project loans < 3%
AUM build up of Rs. 60 crs over a decade	AUM crossed Rs. 150+ crs as of Sep-22
Lack of domain and vintage	Employees rich in HFC experience
Excel based working environment	Under migration from Jaguar LMS to eSthanos LMS
Onward lending rate of 22-24%	Lending rates rationalised

EVOLUTION TO A PROFESSIONAL HFC (2/2)

LIABILITY EVOLUTION

Before Oct 2019	Current Status
Borrowings predominantly from Financial Institutions	Diversified Borrowing Profile with focus on PSBs. Private Sector Banks, FIs and the NHB
	
Accounting on Indian GAAP standard	Accounting on INDAS Standard
	

BOARD EVOLUTION

Before Oct 2019	Current Status
 <p>Promoter driven board with family members</p>	 <p>Professional characteristics getting developed with induction of BFSI professionals</p>
 <p>Limited professional representation on the Board</p>	 <ul style="list-style-type: none"> Mr. A P Saxena, ex-NHB official inducted on the board Mr. A K Lakshmanan, ex LIC official inducted on the board Mr. P K Das, ex IDBI Bank official inducted on the board

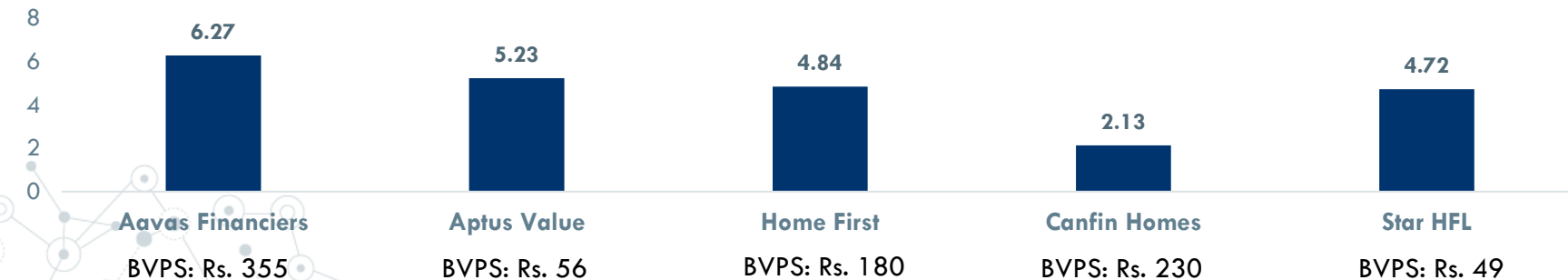
PEER COMPARISON

Share price as of Oct, 18, 2022			Rs. 206.70
20 DMA	50 DMA	100 DMA	200 DMA
Rs. 159.52	Rs. 148.40	Rs. 131.00	Rs. 112.66
Fund raising till now		Execution Price (incl. premium)	% Increase at CMP
Capital Raise in Sep 2022 (E)		Rs. 153	35.10%
Capital Raise in Jul 2022		Rs. 135	53.11%
Capital Raise in Nov 2021		Rs. 89	132.25%
Capital Raise in Oct 2019		Rs. 46	349.35%

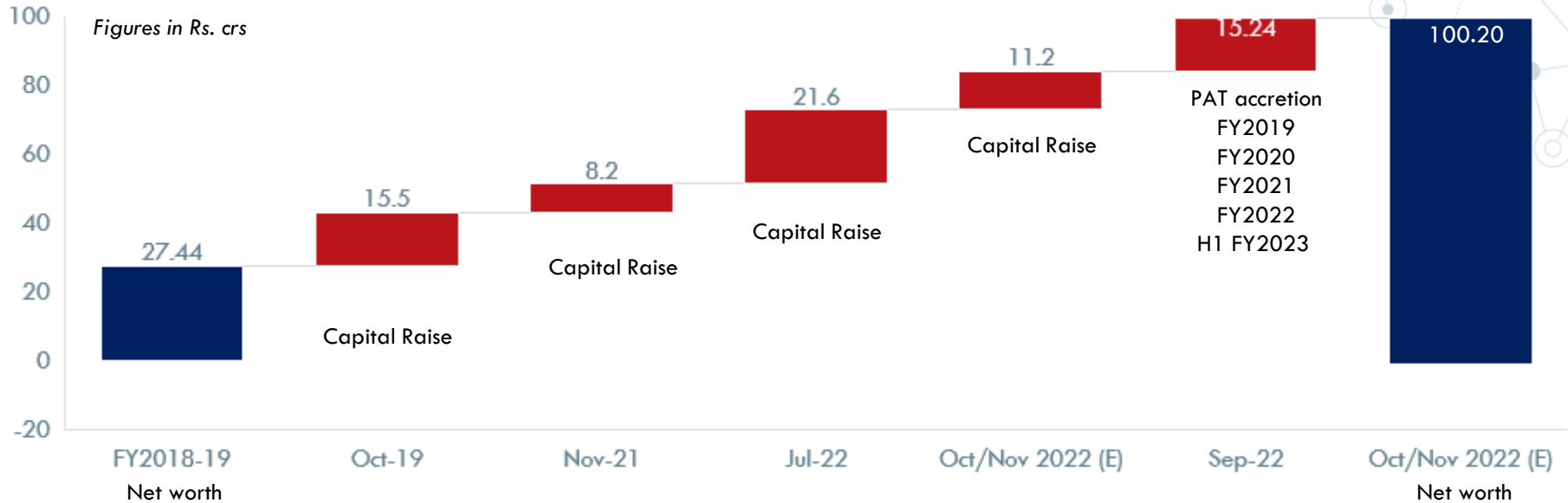
Shareholding Pattern	
Promoters	31.78%
Arkfin Investments Private Limited	17.90%
New Investor	8.80%
Retail Professionals	3.36%
Others	38.16%
Total	100.00%

ESOP-I forming 10% of total equity approved and has started vesting; Fresh Equity of ~Rs.11.2 crs in latest raise

Price to Book Value : Peer Comparison



NET WORTH STRENGTHENED CONSISTENTLY



Net worth set to cross Rs. 100+ crs: Augmented through consistent equity infusion and PAT accretion, post all necessary compliances

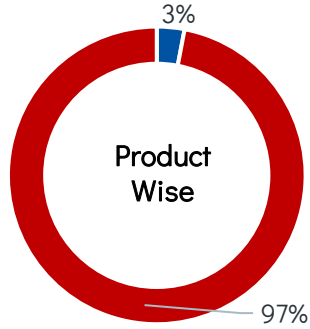
CAPITAL MARKET CHARACTERISTICS

	PRE	CURRENT	ENVISAGED
LISTED ON	BSE SME Platform	BSE Main Board	BSE & NSE ¹
RETAIL SHAREHOLDERS	650	2500+	10000+
FII's	×	×	✓
INSTITUTIONAL INVESTORS	×	✓	Growth capital will result in more institutional investors
PROFESSIONAL INVESTORS	×	✓	✓
EMPLOYEE PARTICIPATION	×	×	ESOP Scheme I implemented ESOP II scheme to be implemented

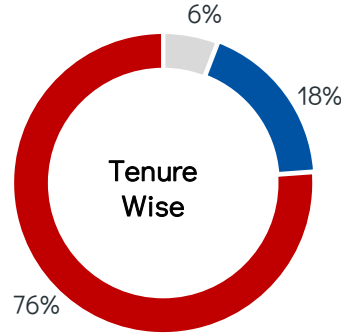
¹ Quantum & Dividend criteria fulfilled, period criteria to be achieved

Q2 FY2022-23: KEY PORTFOLIO CUTS

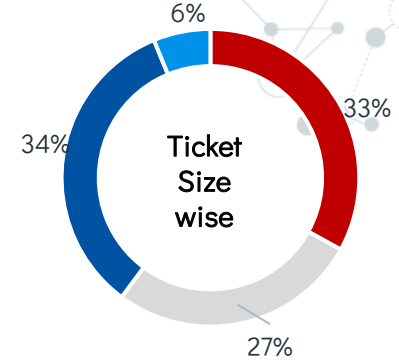
■ Wholesale ■ Retail



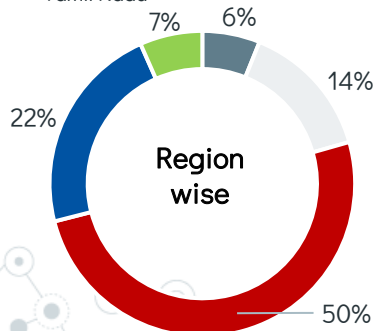
■ 0-60 month ■ 60-120 month ■ >120 month



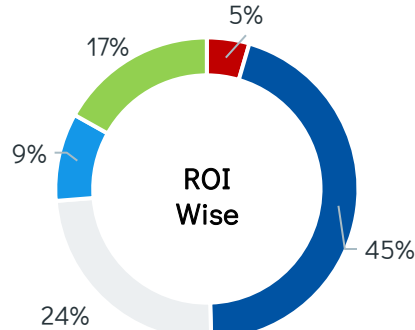
■ Up to 10 lakh ■ 10-15 lakhs ■ 15-25 lakhs ■ > 25 lakhs



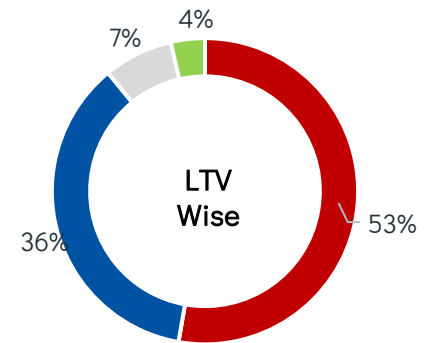
■ Gujarat ■ Madhya Pradesh ■ Maharashtra ■ Rajasthan ■ Tamil Nadu



■ Up to 14% ■ 14-16% ■ 16-18% ■ >20%



■ Up to 50% ■ 51-75% ■ 76-80% ■ >80%



COMPANY DEBT AS OF Sep 30, 2022



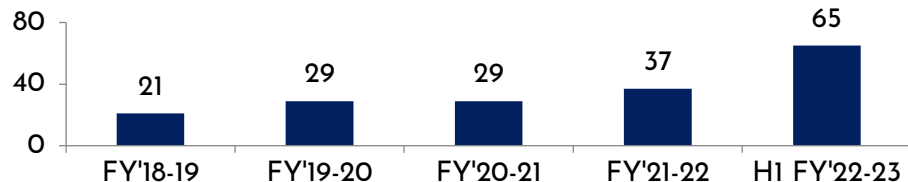
Sanction Amt.	Rs. 30.00 crs	Rs. 32.00 crs	Rs. 12.00 crs	Rs. 10.00 crs	Rs. 5.00 crs	Rs. 10.00 crs
Outstanding Amt.	Rs. 22.53 crs	Rs 15.00 crs	Rs 8.72 crs	Rs. 9.57 crs	Rs. 0.22 Crs	Rs. 4.68 crs
No. of Credit Lines	4	3	1	1	1	1



Sanction Amt.	Rs. 11.30 crs	Rs. 10.00 crs	Rs. 3.00 crs	Rs. 2.00 crs	Rs. 10.00 crs	Rs 3.00 crs
Outstanding Amt.	Rs. 6.17 crs	Rs. 8.69 crs	Rs. 0.28 crs	Rs. 1.46 crs	Rs. 5.34 crs	Rs. 2.98 crs
No. of Credit Lines	2	2	1	1	3	1

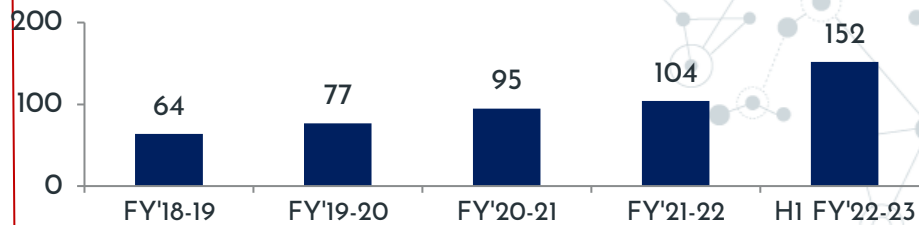
BUSINESS HISTORICALS

Disbursements (In Rs. Crs.)



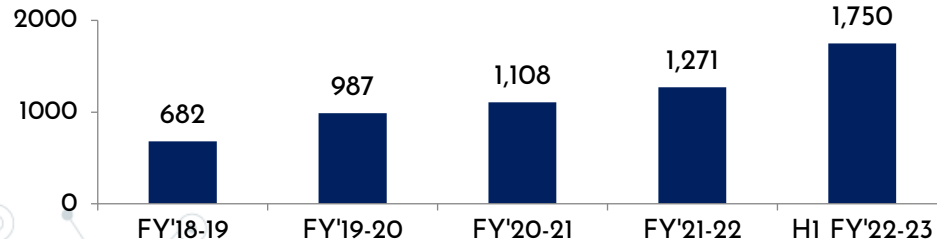
- Disbursed in 15-18 months of business (equivalent to Asset build up of 10 years)
- Highest half yearly disbursement of ~Rs. 64.21 crs in H1 FY2023

Assets Under Management (In Rs. Crs.)



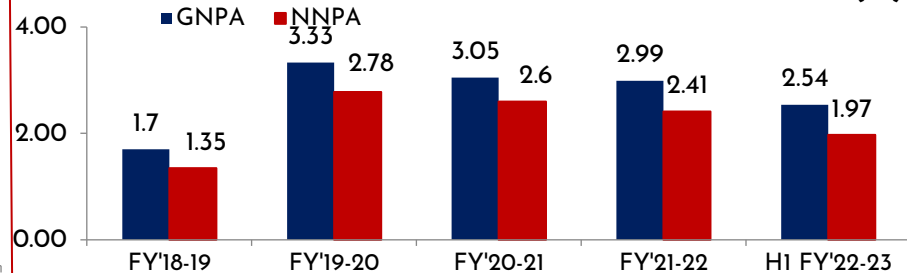
- AUM scale up from FY'22-23. Expected to cross year end on a high
- Growth planned for crossing Rs.500 crs AUM over next 4-6 operational quarters in line with business plan

No. of Accounts



- Average loan size on book at Rs. 9.50 lakhs
- Incremental average loan size at Rs.12-13 lakhs for areas close to city centers and Rs.6-8 lakhs for rural areas

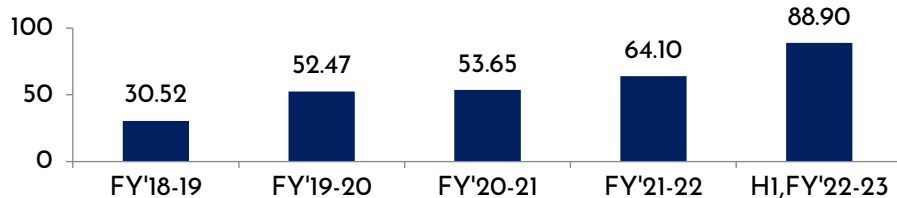
NPA (%)



- GNPA and NNPA %age has consistently come down since FY'19-20
- Expected to come down as AUM builds up with a steady state GNPA levels of sub 2.0%

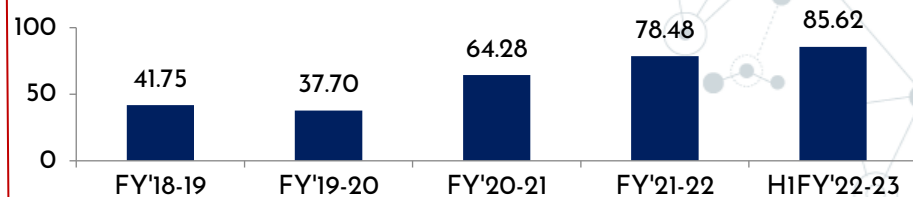
FINANCIAL HISTORICALS

Net Worth (In Rs. Crs.)



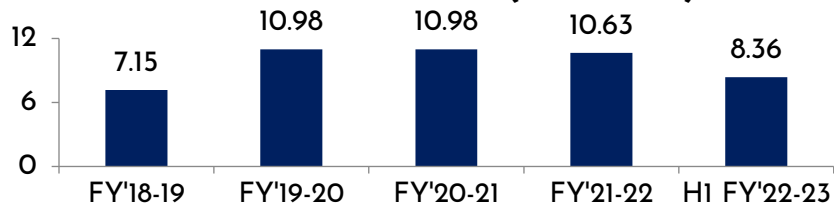
- Sequential increase in net worth through capital infusion and build up of reserves
- Rs.42 crs infused over the last 12 months through last three capital raise

Borrowings (In Rs. Crs.)



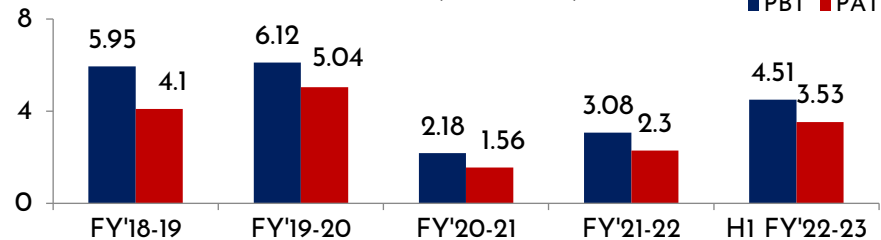
- Liability build up with focus on PSU Banks
- Established relationship with the NHB
- Borrowing cost rationalized from 12.5-13.0% to 10.00%-10.50%

Net Interest Income (In Rs. Crs.)



- Net Interest Income has started scaling up from H1 period ending Sep 2022

PBT-PAT (In Rs. Crs.)



- PAT for H1 equivalent to combined PAT for the last two financial years
- PAT expected to build up as the asset base grows through incremental business

H1 FY'22-23 BUSINESS AND FINANCIAL PERFORMANCE

Operating & Financial Performance (In Lakhs)	H1FY2022-23	H1 FY2021-22	Y-o-Y Change
Disbursements	64.2	14.0	358%
Assets Under Management	152.3	100.4	52%
GNPA (%)	2.54%	3.26%	-22%
NNPA (%)	1.97%	2.86%	-31%
Interest Income	12.41	8.75	42%
Total Income	14.79	9.02	64%
PBT	4.51	0.81	457%
PAT	3.53	0.61	480%
Borrowing O/s	85.61	65.22	31%
Net Worth	88.89	54.25	64%
Leverage (x)	0.96	1.20	-20%
NIM (Annualized) (%)	11.96%	10.65%	12%
ROE (Annualized) (%)	9.23%	2.26%	308%
ROA (Annualized) (%)	4.14%	0.98%	322%
BVPS (Rs.)	48.89	34.61	41%
EPS (Rs.) (Annualized)	4.12	0.78	428%

Highest Disbursements: Recorded highest disbursements and registered a y-o-y 358% growth for H1 and q-o-q 85% growth for Q2 FY'22-23. The loan book now crossed Rs.150 crs and in line to the business plan of crossing Rs.500 crs AUM

Branch Network: Presence in over 20 locations through which it covers 40 districts in its operational semi urban/rural geographies

Net Worth set to cross Rs.100 crs: Net worth is now set to cross Rs.100 crs (subject to all approvals & compliances incl. full subscription of equity shares in the current preferential issue)

Revenue Growth: Interest Income registered a y-o-y 42% growth and q-o-q 49% growth. Total Income registered a y-o-y 64% growth and q-o-q 40% growth

Profit Growth: Profit After Tax registered a y-o-y 480% growth for H1 and q-o-q 60% growth for Q2 FY'22-23

Debt Raised: Added credit lines from SBI, LIC HFL, MAS & CIFCL in H1 FY'22-23. Star HFL also enjoys refinance facilities from the NHB

PROFIT AND LOSS STATEMENT

Sr.No.	Particulars	Quarter Ended			Half Year Ended		
		30-09-2022 (Unaudited)	30-06-2022 (Unaudited)	30-09-2021 (Unaudited)	30-09-2022 (Unaudited)	30-09-2021 (Unaudited)	Year Ended 31-03-2022 (Audited)
	Revenue From Operations						
(i)	Interest Income	742.12	498.98	450.38	1,241.10	875.31	1797.37
(ii)	Fees & Commission Income	25.18	11.87	9.22	37.05	13.03	24.169
(iii)	Other Operating Income	72.52	4.24	1.74	76.77	2.21	32.35
(iv)	Gain/loss on derecognition of financial Assets	7.31	3.78	0.98	11.09	1.82	7.344
(v)	Net Gain/Loss on Fair Value Changes	15.43	(3.35)	(8.65)	12.08	(4.3)	11.21
	Other income	-	101.01	1.08	101.00	14.37	64.10
I	Total Income	862.55	616.54	454.76	1,479.09	902.42	1936.54
	Expenses						
(i)	Finance Cost	205.78	200.75	165.31	406.53	305.98	617.01
(ii)	Impairment of Financial Instruments	12.63	6.74	3.76	19.37	43.44	50.97
(iii)	Employee Benefits expenses	175.52	138.67	134.67	314.19	273.37	569.02
(iv)	Depreciation and amortisation expenses	8.08	6.61	5.69	14.69	10.76	27.21
(v)	Other Expenses	170.01	103.49	96.51	273.50	187.98	364.43
II	TOTAL EXPENSES	572.02	456.27	405.94	1,028.29	821.53	1628.65
		-					
III	Profit Before Tax (I-II)	290.53	160.27	48.82	450.79	80.90	307.89
IV	- Tax Expenses	-			-		
	- Current Tax	74.49	33.40	6.35	107.89	21.89	45.91
	- Deferred Tax	(1.19)	(8.85)	5.24	(10.04)	(1.86)	23.77
V	Profit For the period (III-IV)	217.22	135.71	37.23	352.93	60.87	238.21
	- Other comprehensive Income						
	a) Items that will not be reclassified to profit or loss						
	-Re-measurements of defined benefit liability	-	-	-	-	-	9.98
	-Income Tax effect	-	-	-	-	-	(2.51)
	b) Items that will be reclassified to profit & loss	-	-	-	-	-	-
VI	Total Other Comprehensive Income	-	-	-	-	-	7.47
VII	Total Comprehensive Income (V+VI)	217.22	135.71	37.23	352.93	60.87	245.67
	Earnings Per Share (of Rs. 10/- each)						
	Basic	1.23	0.82	0.24	2.06	0.39	1.49
	Diluted	1.23	0.82	0.24	2.06	0.39	1.49
	Face value per share (Amount in INR)	10.00	10.00	10.00	10.00	10.00	10.00

BALANCE SHEET STATEMENT

Sr.No.	Particulars	As on Sep 30, 2022	As on Sep 30, 2021	As on Mar 31, 2022
	ASSETS			
1	Financial Assets			
	- Cash and cash equivalents	1,948.38	108.16	2917.93
	- Bank balance other than cash and cash equivalents	719.83	352.14	519.82
	- Loans	14,506.59	10434.67	10231.46
	- Investments	869.86	842.26	857.79
	- Other Financial assets	286.70	392.56	480.75
	Total Financial Assets	18,331.36	12129.79	15007.75
2	Non- financial Assets			
	- Property, plant and Equipment	129.36	105.55	104.23
	- Intangible Assets	93.06	53.33	52.73
	- Right to use Assets	5.20	10.00	7.61
	- Deferred tax assets (net)	31.53	49.63	21.49
	- Current Tax Assets (Net)	48.76	58.89	88.38
	- Other non-financial assets	138.62	65.41	43.84
	Total Non-Financial Assets	446.53	342.82	318.28
	Total Assets	18,777.89	12472.61	15326.03
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	Financial Liabilities			
	- Borrowings	8,561.38	6522.19	7847.79
	- Other Financial liabilities	1,295.33	484.53	1024.66
	Total Financial Liability	9,856.71	7006.71	8872.44
2	Non-Financial Liabilities			
	- Provisions	14.29	34.50	37.51
	- other non-financial liabilities	17.27	6.58	6.23
	Total Non-Financial Liability	31.56	41.08	43.74
3	Equity			
	- Equity Share capital	1,818.22	1567.35	1658.22
	- Other Equity	7,071.40	3857.46	4751.63
	Total Equity	8,889.62	5424.81	6409.85
	Total Liabilities and Equity	18,777.89	12472.61	15326.03

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Thank You

For any questions, please connect
with

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