



October 27, 2022

Adani Capital – Q2 Business Update




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Financial Highlights

Financial Summary – IND AS

	SUMMARY (Rs. Crs)	Q1 FY2023	Q2 FY2023	H1 FY2023
		Reviewed	Reviewed	Reviewed
BALANCE SHEET	AUM	2,331.0	2726.0	2726.0
	Loan Assets	2,107.0	2,420.4	2,420.4
	Net Worth	522.6	573.9	573.9
	Borrowings	1,840.1	2,032	2,032
	Deposits/Investments	267.7	217.9	217.9
INCOME STATEMENT	Interest Income#	102.7	121.0	223.7
	(-) Interest Expense	40.0	41.8	81.7
	Net Interest Income (NII)	62.7	79.2	142.0
	(+) Non-Interest Income	0.5	0.6	1.1
	(-) Operating Expenses	40.2	36.5	76.6
	Pre-provisioning operating Profit (PPOP)	23.0	43.3	66.5
	Provisioning	7.3	6.3	13.6
	Depreciation	2.2	2.3	4.5
	Profit Before Tax	13.6	34.7	48.4
	Tax	3.5	9.0	12.6
	Profit After Tax	10.0	25.7	35.8
KEY RATIOS	CRAR	23.36%	21.44%	21.44%
	Net Debt/Equity Ratio	3.52x	3.54x	3.54x
	Gross NPA % / Net NPA	1.43%/0.93%	1.54%/1.00%	1.54%/1.00%
	Net Interest Income (NIM) (incl pf)	12.59%	15.82%	14.08%
	Cost/Income Ratio	64.00%	48.27%	54.59%
	Return on Assets (RoA)	2.01%	4.49%	3.28%
	Return on Equity (ROE)	7.74%	18.91%	13.32%

Highlights

- AUM  by 17% Q-o-Q from INR 2,331 Cr to INR 2,726 Cr (on book INR 2,420 Cr)
 - Gross disbursement crossed INR 521 Cr in Q2 (INR 455 Cr in Q1)
- GNPA @ INR 37.2 Cr
 - Total provisions of c. INR 30.0 Cr (1.24% of loan book / 81% of GNPA / 35% PCR for stage 3)
- Q2 PAT @ 25 Cr implying run rate >100 Cr annually

*On-Book Including accrued interest

Credit Loss

Particular (Rs in crs)		2018-19	2019-20	2020-21	2021-22	H1 - 2022-23	Total
Repo Loss	FE	0.00	0.21	0.77	1.01	0.44	2.43
	CV	-	0.21	0.94	2.15	0.92	4.22
Total- Repo Loss		0.00	0.42	1.71	3.16	1.36	6.65
Write-Off	FE	-	-	0.04	0.40	0.12	0.56
	CV	-	0.00	0.09	0.69	0.14	0.92
	MSME	-	-	0.05	3.14	0.03	3.21
	Essel	-	-	-	0.69	5.03	5.72
	Others	-	-	-	0.18	-	0.18
	SCF	-	-	-	7.93	-	7.93
Total - Write-off		-	0.00	0.18	13.02	5.32	18.52
Total Loss		0.00	0.43	1.89	16.18	6.67	25.17

Expected Credit Loss (ECL) Provision

Summary (Rs in crs)	As on Sep 22			As on Jun 22			As on Mar 22		
	POS	ECL	Cover	POS	ECL	Cover	POS	ECL	Cover
Stage 1	2,286.70	15.12	0.66%	1,976.63	13.14	0.66%	1,787.93	12.06	0.67%
Stage 2	96.57	1.88	1.95%	99.85	1.76	1.76%	85.63	1.64	1.92%
Stage 3	37.16	13.02	35.04%	30.19	10.71	35.48%	28.37	9.95	35.07%
Total	2,420.43	30.02	1.24%	2,106.67	25.61	1.22%	1,901.93	23.65	1.24%

ECL Provisioning details (Rs in crs)	Sep-22	Jun-22	Mar-22
Stage 3 Asset	37.2	30.19	28.37
% Portfolio in Stage 3	1.54%	1.43%	1.49%
ECL Provision % Stage 3	35.04%	35.48%	35.07%
Stage 1 and 2 Asset	2,383.3	2,076.5	1,873.6
% Portfolio in Stage 1 and 2	98.46%	98.57%	98.51%
ECL Provision % Stage 1 and 2	0.71%	0.72%	0.73%
Total Assets	2,420.4	2,106.7	1,901.9
Total ECL Provision	30.0	25.6	23.7
ECL Provision %	1.24%	1.22%	1.24%
Coverage Ratio	81%	85%	83%

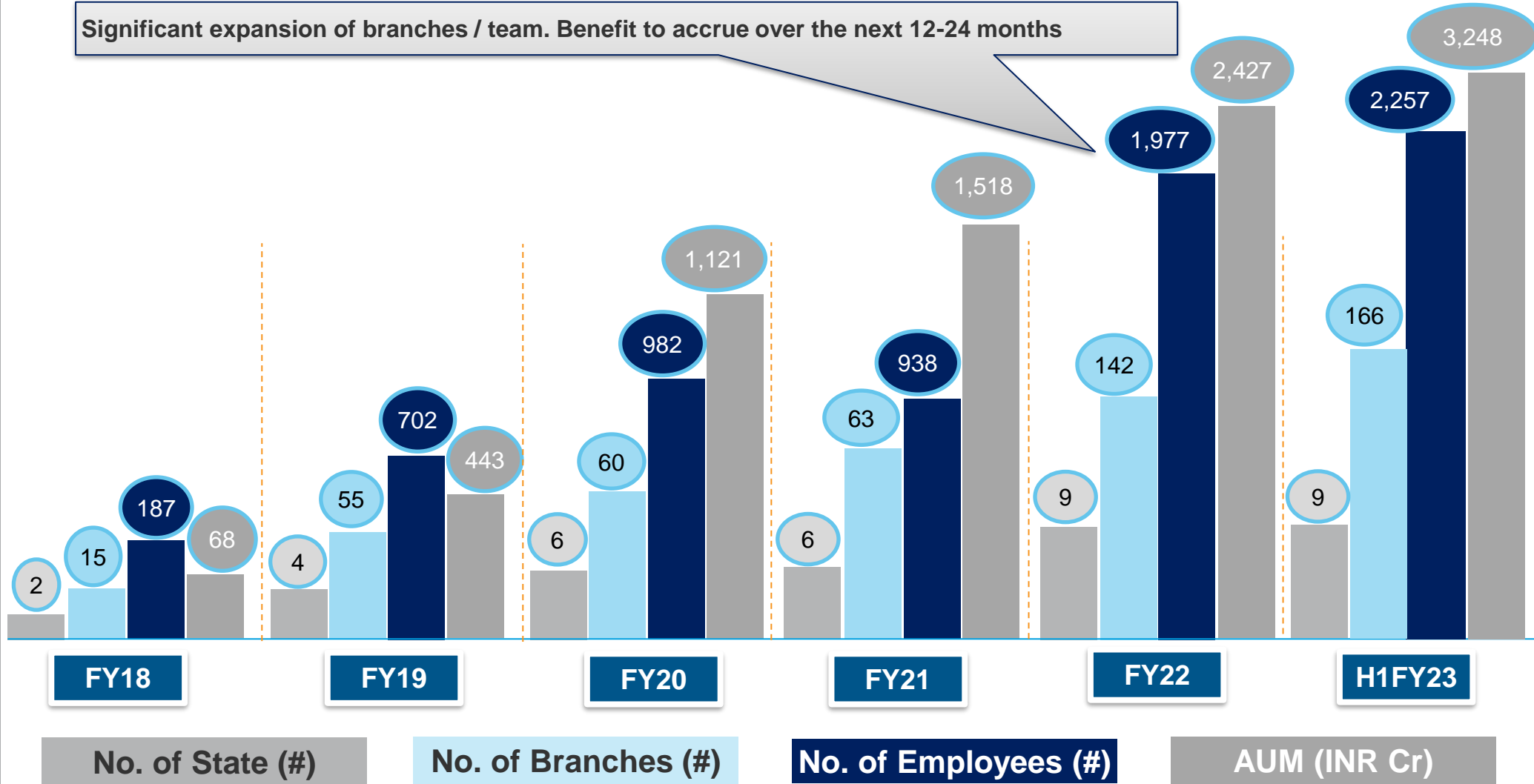


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Business Highlights

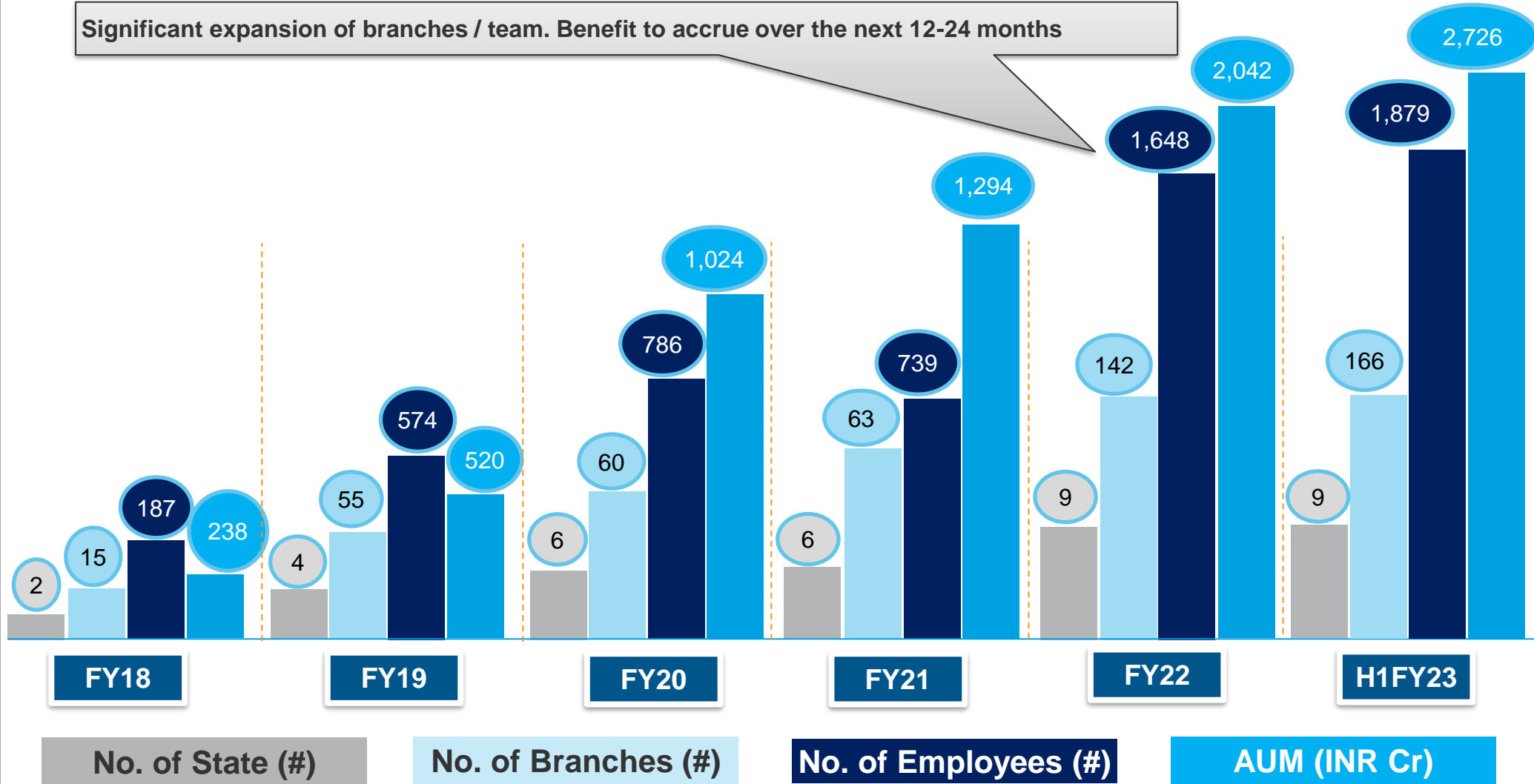
Our Journey- ACPL & AHFPL

Significant expansion of branches / team. Benefit to accrue over the next 12-24 months



Our Journey- ACPL

Significant expansion of branches / team. Benefit to accrue over the next 12-24 months



Business Update

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Expansion

- ✓ We ended September with 166 live branches (June :152) and with existing pipeline should be c.175 by December 31.
 - All upcoming locations are spoke branches in Tier II / Tier III towns in our existing states

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Loan Book

- ✓ We disbursed c. INR 521 Cr in Q2FY23; should cross c. INR 650 Cr in Q3
- ✓ Sep-22 was highest ever disbursal month @ 222 cr branch disbursement
- ✓ All products achieved highest monthly disbursements

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Credit Costs

- ✓ GNPA / NNPA as of Sep 22 were 1.54% / 1.00%
- ✓ Of our total restructured book of 29 Cr ; c.1.31 Cr POS customers have not paid a single EMI
 - Restructured book of INR 21 Cr pertains to Essel
- ✓ In our branch business, total disbursements till date @ c.3.4K Cr; Credit losses @ 11.34 Cr
- ✓ In our supply chain, total disbursements till date c.5.1K Cr; credit loss till date @ 7.93 Cr
 - One account of 5 Cr and another account of 2.7 Cr are written off
- ✓ Maintained amongst the best credit metrics in the industry
- ✓ Total provisions @ 1.24% of Total loan book / 81% of GNPA / 35% PCR for stage 3 loans

Business Update

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Operational Leverage / Profitability

- ✓ As new branches become productive, we will see significant ↑ in profits
- ✓ Pre-provisioning profits of c. INR 40 Cr in FY22 and H1FY23 @ c. INR 66.5 Cr / Q2 @ INR 43.3 Cr

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CSC Partnership

- ✓ CSC has a pan-India network of over 500,000 Village Level Entrepreneur (VLEs)
- ✓ We have activated this channel in the state of Rajasthan, AP, Telangana and Karnataka to begin with in the following manner:
 - Make each VLE our Referral Agent (Launched VLE Buddy marketing campaign for our Executives)
 - Provide Working Capital to large Distributors VLEs
 - Limit sanctioned for c. 15 VLEs
 - Distribute Wilmar products through this predominantly rural channel
 - Wilmar / CSC / Capital teams actively working

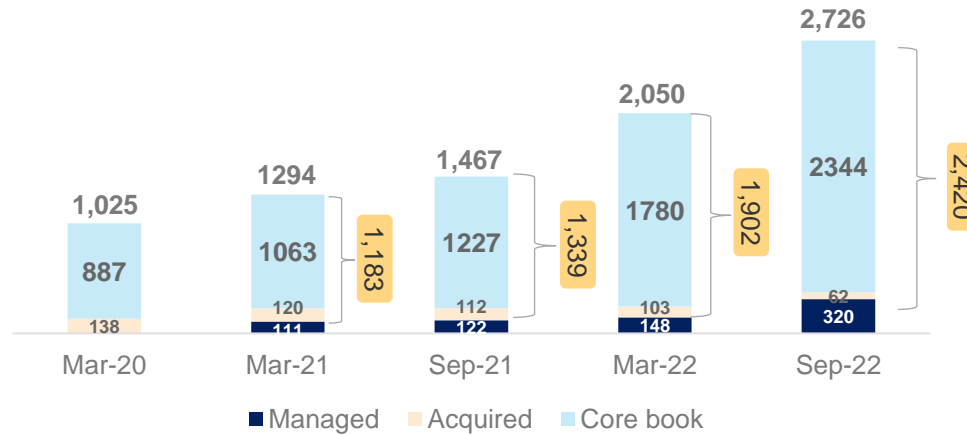


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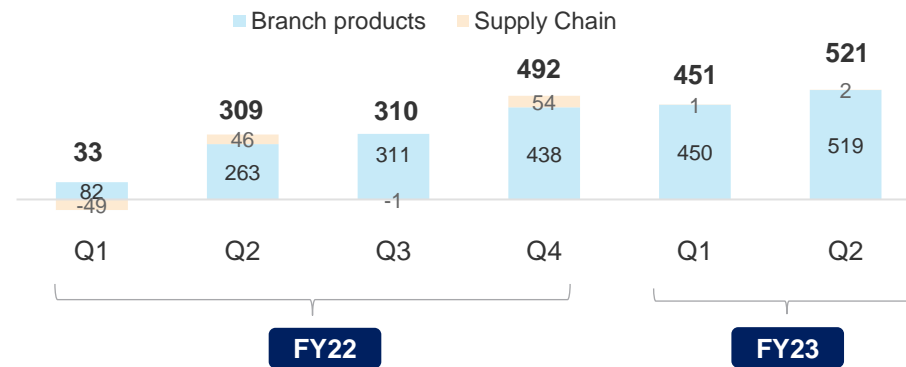
Portfolio Highlights

Portfolio Growth

Total Assets (INR Cr)



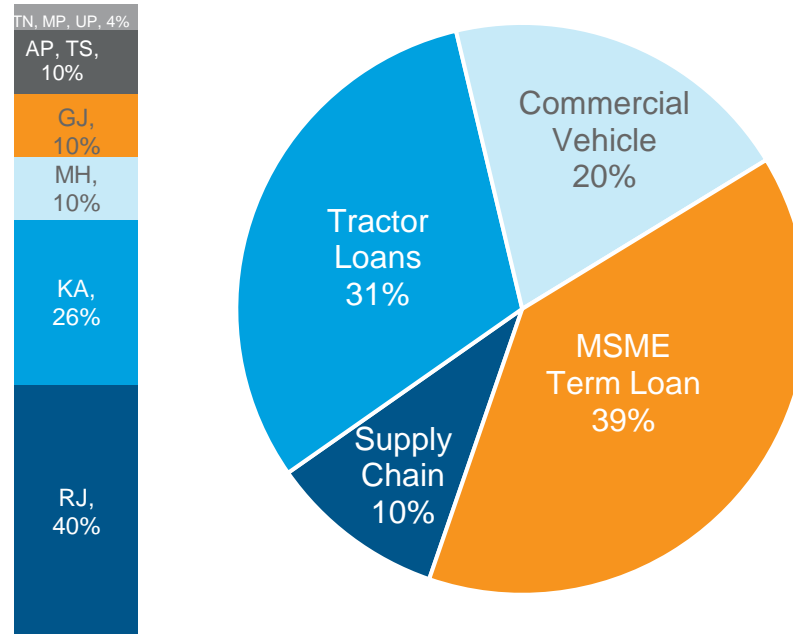
Gross Disbursements (INR Cr)



- New states contributed ~ 23% of disbursements in H1FY23
- Highest ever monthly branch disbursements in Sep'22 ~ Rs. 222 crore

Portfolio - Sep'22

Reached ~2,726 Cr AUM; touched the lives of ~58K entrepreneur borrowers
 (~c. 20K entrepreneur borrowers are first time borrowers)



AUM	<ul style="list-style-type: none"> Sep'22: INR 2,726 Cr Jun'22 : INR 2,331 Cr 	On Book	<ul style="list-style-type: none"> Sep'22: INR 2,420 Cr Jun'22: INR 2,107 Cr
GNPA (on AUM)	<ul style="list-style-type: none"> Sep'22: 1.31% (INR 35.8 Cr) Jun'22 : 1.22% (INR 28.7 Cr) 	GNPA (on Book)	<ul style="list-style-type: none"> Sep'22: 1.54% (INR 37.2 Cr) Jun'22: 1.43% (INR 30.2 Cr)
NNPA (on AUM)	<ul style="list-style-type: none"> Sep'22 : 0.84% (INR 22.7 Cr) Jun'22 : 0.84% (INR 19.5 Cr) 	NNPA (on Book)	<ul style="list-style-type: none"> Sep'22: 1.00% (INR 24.1 Cr) Jun'22: 0.93% (INR 19.5 Cr)

Portfolio Metrics – High credit quality

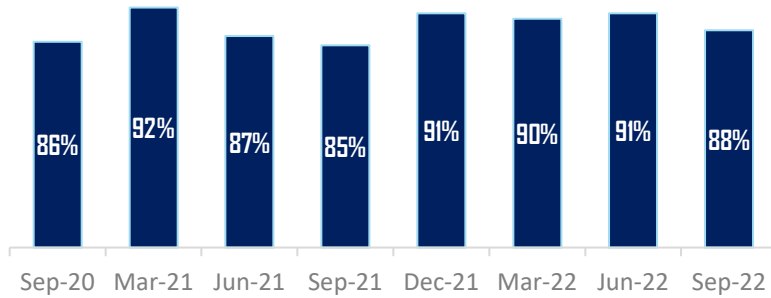
As of September 2022	Disbursement till Date	Closing AUM	GNPA as of Sep'22	GNPA / AUM	Credit Loss till date	Credit Loss / Gross Loan Disbursement
Product	INR Cr	INR Cr	INR Cr	%	INR Cr	%
Tractor Loans	1249	837	10.9	1.3%	3.10	0.25%
CV Loans	857	544	10.6	1.9%	5.14	0.60%
MSME	6,321	1,283	11.5	0.9%	11.18	0.18%
- Term Loan – Secured	1161	996	7.9	0.8%	0.25	0.02%
- Term Loan – Unsecured (Discontinued)	33	5	1.1	22.0%	3.00	9.09%
- Supply chain	5,127	282	2.5	0.9%	7.93*	0.15%
ACPL Total	8,427	2,664	33.0	1.2%	19.42	0.23%
Acquired Pool MSME TL (Essel)	143	62	2.8	4.5%	5.75**	4.02%
ACPL Total (with Essel)	8,570	2,726	35.8	1.3%	25.17	0.29%

*Includes one a/c of INR 5 cr and one a/c of INR 2.7cr

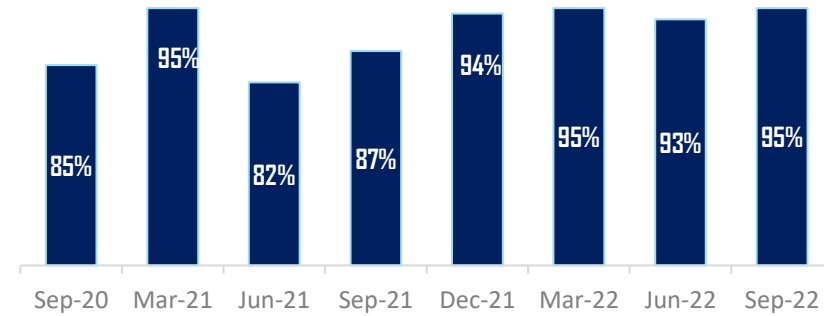
**Includes one time write-off of NR 4.5 cr on account of NPA/SMA-2 portfolio amounting INR 29 Cr assigned to Edelweiss ARC Trust

Collection Efficiency

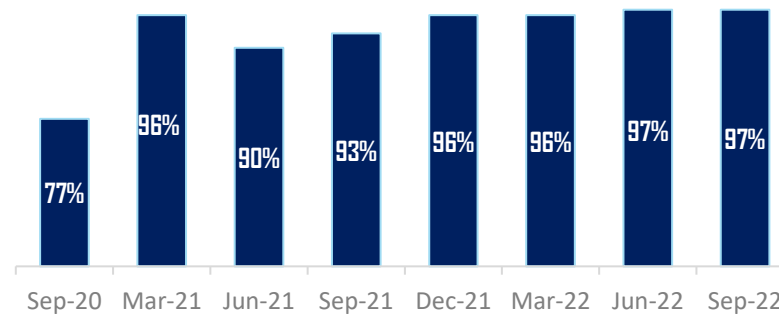
Farm Sector Loans



Commercial Vehicle Loans



MSME Term Loans



1. Collections Efficiency (Gross) = Amount Due & Collected against EMI due for the month. Receipts of any previous dues, prepayments are not considered in current month calculation.

Restructured Cases – Sep-22 Status

Restructured Cases: Value (INR Cr)						
PRODUCT	Current	1st	2nd	3rd	NPA	Total
CV	0.45	0.72	0.29	0.58	0.61	2.65
MSME	0.52	0.16	1.10	1.51	1.53	4.82
MSME_Essel	3.17	3.84	6.79	5.61	1.99	21.39
ACPL – Total	4.14	4.72	8.18	7.70	4.12	28.86

Nil EMI Paid				
PRODUCT	Total Cases	# of customers	PoS (INR Cr)	%
CV	51	1	0.01	1.96%
MSME	74	18	0.88	24.32%
MSME_Essel	122	2	0.42	1.64%
ACPL – Total	247	21	1.31	8.50%



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Treasury Overview

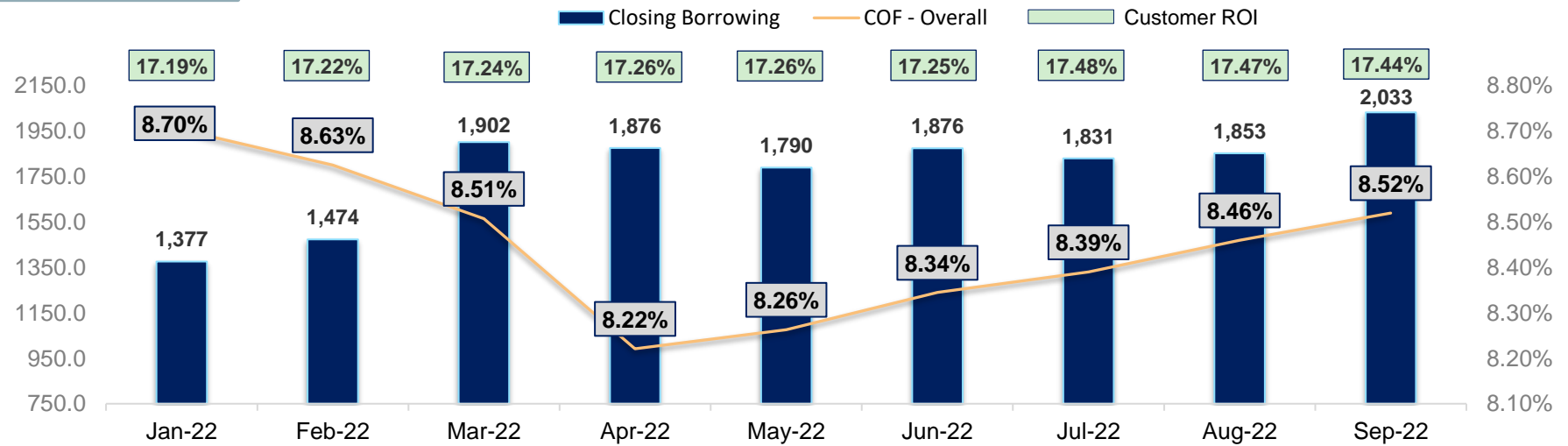
Summary of Lenders - Sep'22

Sr No	Bank / FI	Lender Weight (O/S + available)	Sanction Amount (Rs. Cr)	O/s amount (Rs. Cr)
1	Public Sector Banks	57%	1765	1039.7
2	Private Sector Banks	18%	619.0	426.4
3	Foreign Banks	17%	502.0	335.5
4	Financial Institutions	6%	312.0	170.9
5	Subordinated Tier II Debt	2%	60.0	60.0
	Total	100%	3,258	2032.5

Our Cost of Funds and Customer IRR

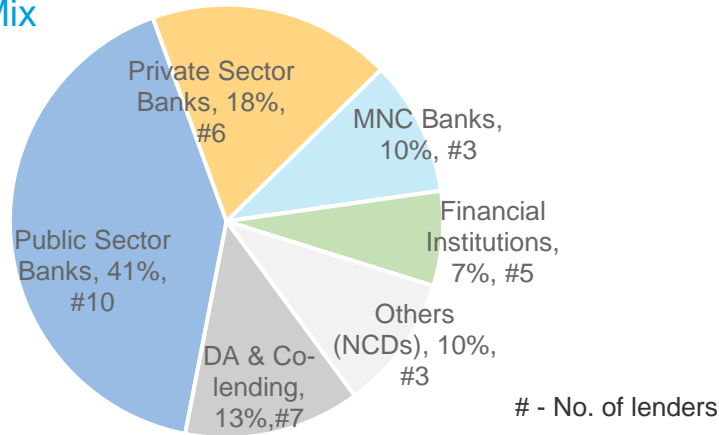
Adani Capital

Borrowing (INR Cr) and Cost of Fund (%) & Customer ROI (%)



Borrowing Profile

Lender Mix



Borrowings: **Rs. 2,033 cr** (FY 22@ Rs 1901 cr)

Direct Assignment – Rs. 266 cr | Co-Lending – Rs. 46 cr

FY23 – Q2 Highlights

- New Credit Facilities
 - DBS Bank - Rs. 100 cr, 3 year, 8.90%
 - State Bank of India - Rs. 500 cr, 5 year, 8.65%
 - Deutsche Bank – Rs 100 cr, 1 year
 - Capital Market - CP Issue – Rs. 25 crore | 10 month (Jul'22) | Bank of Maharashtra
- Direct Assignment – Rs. 95.6 cr (FY 22 Rs. 88.7cr)
 - MSME Loans - Rs. 41.6 crore
 - CV Loans – Rs. 37.1 crore
 - FE Loans – Rs. 41.6 crore
- Co-lending Program
 - SBI – Tractor Loans - Rs. 250cr (1st tranche Rs. 50cr) – Rs. 21.8 cr concluded in Q2.

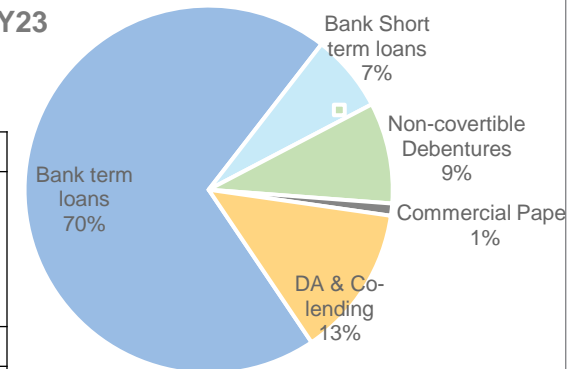
Borrowing Mix

- Diversified lender base: Only SBI (sanction limit – Rs 700 cr) exposure >10%
- Avg borrowing from core lenders c. Rs. 100-150 cr / 4-5% of outstanding

Focus for FY23 - Diversification

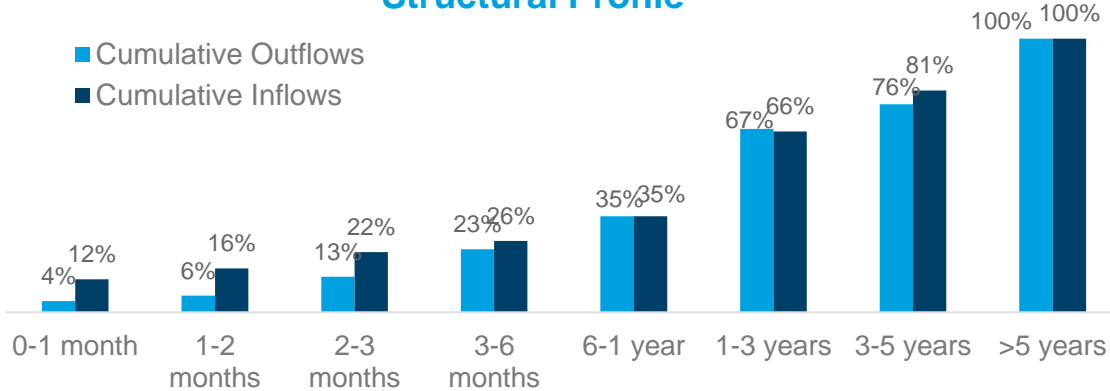
Diversification	FY23	Q2 – remarks
Capital Market - NCD + CP	Rs. 200 cr	Multiple policy rate hikes have significantly increased market expectation on NCD/MLD coupons compared to our borrowing rates on term loans from banks and hence the discussions have moved ahead.
ECB	USD 50 mn	-
Co-lending/DA program	Rs. 600-750 cr	Transactions of Rs. 264 cr closed in H1

H1FY23



Asset Liability Management

Structural Profile



Highlights:

- Balanced ALM profile resulted in the surplus across tenors.
- In FY23, short term borrowings to be higher to reduce ST surplus and optimize borrowing costs.

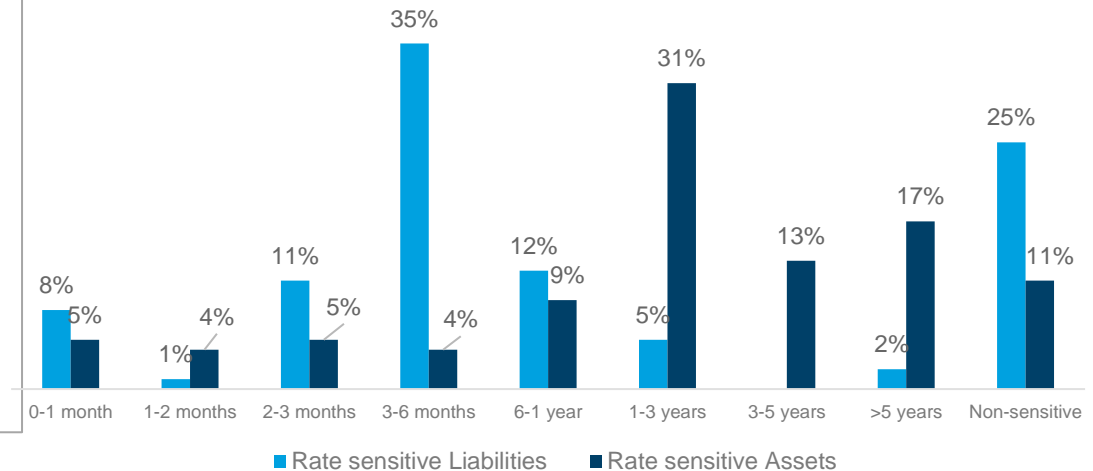
Cumulative Surplus/ (Gap) – Structural Liquidity Statement

169%	170%	69%	16%	0%	-1%	6%	0%
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Highlights:

- 85% loans - 1 year MCLR based, balance fixed rate loan
- Interest reset cycle: 4% - Q1, 12% - Q2, 11% - Q3: 58% – Q4
- Borrowings - ROI on 33% of borrowings (as of Mar'22) or Rs. 627 crore has revised increased by c. 66 bps
- Asset Portfolio Repriced
 - MSME – 0.75% (existing portfolio) & 1% (fresh disbursements)

Interest Rate Sensitivity



Thank You

