

IndoStar Capital Finance Limited

Mumbai, August 25, 2023: The Board of IndoStar Finance Capital Limited (ICFL), a systemically important non-banking finance Company "NBFC", registered with the Reserve Bank of India, took a decisive step forward in its stated retailization strategy by selling a significant portion of its legacy corporate loan book to Phoenix ARC. The sale consists of certain accounts that were tagged in Stage 2, aggregating to dues outstanding of Rs 915 crs. The accounts have been resolved on 25th August 2023 at carrying value through an ARC sale under the Swiss Challenge method in terms of Master Directions – Reserve Bank of India (Transfer of Loan Exposures) Directions 2021, as amended.

Under the agreement, Phoenix ARC will set-up a trust that will monitor the progress of the real-estate projects and will also consider funding certain amounts towards financing the completion of these projects. This arrangement will also enable IndoStar's management team to further increase their focus on building its core retail lending business.

Post the transaction, the share of the retail lending book in the company's assets under management has increased from 85% to about 95%. Given the company's focus on used vehicle financing over the last year, the CV disbursal yields have been above 18%, incrementally increasing the yield of the overall portfolio. The focus on used commercial vehicles has also led to lower average ticket sizes of loans, which stood at Rs. 7.6 Lakhs for Q1 FY'24. The company reported a Debt-to-Equity ratio of 1.9x and a strong capital adequacy ratio (CAR) of 34.4% on a standalone basis for the quarter ending June 2023, which together with sufficient liquidity positions the company for future growth.

About IndoStar Capital Finance Limited

IndoStar is a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. With Brookfield & Everstone as co-promoters, IndoStar is a professionally managed and institutionally owned entity engaged in providing used and new commercial vehicle financing and affordable Home Finance through its wholly owned subsidiary, IndoStar Home Finance Private Limited.

For more information, visit www.indostarcapital.com.


Safe Harbor

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Press Release



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