

IndoStar Capital Finance Limited

BSE: 541336 | NSE: INDOSTAR | Bloomberg: INDOSTAR:IN

**IndoStar reports Q1 FY23 results**

- **Strong Capital Adequacy at 29.0% (320bps higher than Q4 FY22)**
- **Q1 FY23 PAT at ₹ 60.9 crore**
- **Debt/Equity at 2.0 times**
- **Incremental funding of ₹ 1,850 crore raised since 1 April 2022**
- **Collections efficiency of 181%**
- **NNPA (Net Stage 3) at 3.6%, vs 6.4% in Q4FY22**
- **Retail AUM ~ ₹ 6,957 Crores. Retail lending now 85% of AUM**

Mumbai, Friday, 14 August 2022 – IndoStar Capital Finance Limited (IndoStar) today announced its Q1 FY23 results. At a consolidated level, the company reported a net profit of ₹ 60.9 crore for Q1 FY23, driven by lower credit cost provisions in the commercial vehicle loan segment from Q4 FY22. Collections during the quarter at INR 1,312 crore resulted in gross collection efficiency of 181%. AUM stands at ₹ 8,247 crore and Capital Adequacy at 29%*, 320bps higher than Q4 FY22. Company's Debt/Equity ratio stood at 2.0 times which continues to be one of the lowest in the industry.

The Company had identified a stress pool in its CV portfolio. The credit cost provisions for this stress pool were made in Q4 FY22. During the quarter the Company made concentrated efforts to reduce the stress book, by driving customer settlements and sale of ~50% of the stress book to an ARC. The stress book is ~5% of AUM as of 30 June 2022

We have strengthened controls, reviewed policies and upgraded technology systems across the spectrum of loan origination, credit appraisal, disbursal, loan management and collection processes.

The company has raised incremental funding of ~ INR 1,850 crores since 1 April 2022 and continues to have a comfortable liquidity position. Cash and cash equivalents on 10 August 2022 are INR 956 crore.

With robust portfolio performance, reduction in the size of stress book, and improvement in staging of loans, the GNPA (Gross Stage 3) and NNPA (Net Stage 3) levels as at 30 June 2022 stood at 8.2% and 3.6% respectively. The company continues to make focused efforts to further reduce the stress book.

As part of its retailisation strategy, the corporate loan book has now been reduced to 15% of AUM, with retail loans at 85%, up from 78% in FY 2021.

The Company's 100% owned housing finance subsidiary, IndoStar Home Finance, continued to register strong performance. Disbursement for Q1 stood at ~₹115 crore, AUM as of 30 June 2022 stood at ~₹1,467 crore, recording 45% growth over Q1 FY22. GNPA (Gross Stage 3) for housing finance business stood at 1.9%, one of the lowest in the industry and continues to demonstrate strong asset quality of

the business. This business added 9 branches in Q1 and total branches stood at 109 as of Q1 FY23

The credit ratings of the Company have been recently reviewed, after the release of financial results for year ended 31 March 2022. CRISIL has maintained the AA- / A1+ rating (with negative implications). CARE has assigned ratings of A+ / A1+ (with negative implications).

Key Financials:

Particulars (₹ Crores)	Q1FY23	Q4FY22	QoQ	Q1FY22	YoY
Net Revenue from operations	167.0	202.9	(18%)	126.6	32%
Pre-Provision Operating Profit	64.1	116.6	(45%)	33.1	94%
Provisions and accelerated write-offs	(2.3)	1,036.3	n.a	82.3	n.a
Profit After Tax	60.9	(753.6)	n.a	(36.8)	n.a.
CAR (%)	29%	25.8%	n.a.	34.6	n.a.
Leverage (D/E) (times)	2.0	2.1	n.a.	1.5	n.a.

* Capital Adequacy is computed on stand-alone basis

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 organization engaged in providing used and new commercial vehicle financing, loans to SME borrowers and affordable Home Finance through its wholly owned subsidiary, IndoStar Home Finance Private Limited. For more information, visit www.indostarcapital.com.

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