INDOSTAR

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February 16, 2026

BSE Limited
Listing Department, 1st Floor,
P J Towers, Dalal Street, Fort,
Mumbai - 400 001

Scrip Code: 541336

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051

Symbol: INDOSTAR

Sub.: Transcript of analyst(s) / institutional investor(s) call held on February 10, 2026 at 12:00 noon (IST)

Dear Sir / Madam,

Please find enclosed herewith transcript of analyst(s) / institutional investor(s) call held on Tuesday, February 10, 2026 at 12:00 noon IST, pertaining to the Unaudited Financial Results of the Company for quarter and Nine months ended December 31, 2025.

The transcript is also available on the website of the Company at www.indostarcapital.com.

Request you to kindly take the above on record and disseminate the same on your website.

Thanking you,

Yours faithfully,
For **IndoStar Capital Finance Limited**

SHIKHA JAIN
Digitally signed by SHIKHA JAIN
Date: 2026.02.16 17:57:44 +05'30'

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

Enclosed: a/a

"IndoStar Capital Finance Limited
Q3 9 months FY '26 Earnings Conference Call"
February 10, 2026

MANAGEMENT: **MR. RANDHIR SINGH – MANAGING DIRECTOR & EXECUTIVE VICE CHAIRMAN – INDOSTAR CAPITAL FINANCE LIMITED**
MR. JAYESH JAIN – CHIEF FINANCIAL OFFICER – INDOSTAR CAPITAL FINANCE LIMITED

MODERATOR: **MR. MAMTA NEHRA – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the IndoStar Capital Finance Limited Q3 FY '26 Earnings Conference Call hosted by MUFG Intime. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Mamta Nehra from MUFG Intime. Thank you, and over to you, ma'am.

Mamta Nehra: Thank you. Good afternoon, ladies and gentlemen. I welcome you all to Q3 9 months FY '26 earnings conference call for IndoStar Capital Finance Limited. To discuss this quarter's performance, we have from the management, Mr. Randhir Singh, Managing Director and Executive Vice Chairman; and Mr. Jayesh Jain, Chief Financial Officer. Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking and may involve risks and uncertainties.

For more details, kindly refer to the investor presentation and other filings that can be found on the company's website. Without further ado, I would like to hand the call over to the management for their opening remarks and then we will open the floor for Q&A. Thank you and over to you, sir.

Randhir Singh: Thanks, Mamta. Good afternoon, everyone, and thank you for joining us today. This is Randhir Singh, Managing Director of IndoStar Capital Finance Limited. I'm pleased to welcome you to our Q3 FY '26 earnings conference call. We appreciate your support as we continue to build long-term value. I hope you've got a chance to review our financial results and investor presentation, which are available on our website and on the stock exchanges.

We have added additional information basis feedback from some of you, and I hope you find the presentation more useful. I will begin with a strategic overview of our business and operating performance for the quarter. Following that, our Chief Financial Officer, Mr. Jayesh Jain, will take you through financial performance.

At IndoStar, we are pursuing retail-led growth by focusing on the credit needs of semi-urban and rural India. Our core business, vehicle finance and Micro LAP are designed to focus on underserved and underbanked borrowers and together drive sustainable growth. With our exit from affordable housing, we will continue to scale up disbursements in used vehicle finance and Micro LAP, positioning IndoStar as a secure, scalable and growth-focused lending platform.

From a broader macroeconomic perspective, the Reserve Bank of India has revised its FY '26 GDP growth forecast to 7.3%. CRISIL has also raised its growth estimate to 7% from an earlier 6.8%, supported by strong private consumption alongside growth in the manufacturing and services sector. Inflation remained benign with December 2025 CPI printing at 1.33%.

Coming to monetary conditions, the Reserve Bank of India's Monetary Policy Committee in its current meeting decided to keep the repo rate unchanged at 5.25%, while maintaining a neutral policy stance. Credit demand continues to show healthy momentum, led by sustained strength in retail and MSME lending, both of which are growing at double-digit rates.

Reflecting this favorable environment, ICRA continues to project 15% to 17% loan book growth for the NBFC sector in FY '26, while CRISIL expects AUM growth of around 18% to 19%, driven by vehicle finance, MSME and micro lending segments.

Coming to India CV sector. ICRA expects the Indian commercial vehicle industry to record 3% to 5% year-on-year growth in wholesale volumes in FY '26, driven by the revival of construction and infrastructure activity and a stable macroeconomic environment.

Vehicle financing is set to emerge as a key growth engine for NBFCs with total vehicle loan AUM projected to reach nearly INR11 lakh crores by March 2027. CRISIL rating estimates vehicle finance AUM to grow at a steady 16% to 17% annually, with the used vehicle segment contributing a significant share of the incremental growth.

NBFCs continue to sharpen their focus on pre-owned vehicle financing, supported by favorable unit economics and superior risk-adjusted returns. Growth in used vehicle loans is expected to outpace new vehicle financing for most large NBFCs.

CRISIL ratings indicates that used vehicle loan AUM has grown at a CAGR of approximately 15% between FY '20 and FY '25 compared with about 11% CAGR for new vehicle loans. This momentum is expected to persist over the medium term, given the lower total cost of ownership and affordability advantages associated with used vehicles.

The loan against property and secured MSME segment, which accounts for around 15% of NBFC AUM is expected to normalize while remaining healthy with growth projected at 26% to 27% over the current and next fiscal year. However, lenders continue to exercise caution in smaller ticket sized loans due to early signs of repayment stress.

Now coming to our Q3 FY '26 performance. Our total loan portfolio stood at INR7,692 crores and disbursements for the quarters were INR1,117 crores compared to INR927 crores in Q2 FY '26. The 20% overall growth in disbursements reflects improving business momentum in our vehicle finance business, where disbursement grew by 21%.

In our investor calls during the last year, we had shared that the company is pursuing very deliberate strategy of strengthening our credit underwriting framework while simultaneously enhancing the attractiveness of our products and services for customers and channel partners. This had temporarily led to decline in volumes in H1. However, I'm pleased to share that these actions in the last few quarters are now delivering clear and consistent results.

First, on asset quality. The improvements we have made are visible and encouraging. Delinquency levels in the calendar year 2025 cohort are nearly 50% lower than earlier cohorts on a like-for-like basis. We are also seeing a sharp reduction in both nonstarters and early delinquencies. We have added a graph to our investor presentation on Slide Number19. This gives us strong confidence in the quality of our book and pursue growth.

Second, on growth enablement. We've taken several steps to broaden our customer reach and strengthen our distribution engine. We've added prime segment, which we're not serving earlier, thereby expanding our addressable market. The yields and credit cost on loans to this segment would be lower. We have introduced risk-based pricing, which allows us to grow while maintaining or even improving risk-adjusted yields and NIMs.

We have aligned channel partner payouts across the yield spectrum to ensure better engagement and productivity. And we have upgraded our distribution footprint by converting micro branches into full-fledged branches, improving both reach and service capability. Third, on digitization and process excellence, we continue to make strong progress in digitizing the customer journey and strengthening our credit decisioning.

Our scorecard-based credit approval process being rolled out for select loan categories. Our digital stack is scaling well. E-application, e-agreement and eNACH are already live and e-KYC will go shortly. Adoption has been very strong. Over 80% of our cases now come through e-agreement and eNACH and 50% of application this quarter are through e-application, and these numbers are improving month-on-month.

We're also expanding our physical presence selectively and added 7 new branches during the quarter. Taken together, these initiatives of better underwriting, sharper risk selection, strong distribution and a more digital operating model are positioning us well to drive sustainable high-quality growth.

To strengthen our momentum further in vehicle finance business, we took significant steps of investing and upgrading talent in last quarter. Mr. Amandeep Singh Sandhu joined us as Chief Operating Officer, Vehicle Finance business. Amandeep is a senior business leader with 25-plus years' experience in BFSI, managing portfolios exceeding INR22,000 crores and leading 1,200-plus employees across multiple zones.

Prior to this, Mr. Sandhu was associated as Executive Vice President in Cholamandalam Investment and Finance Company and he has previously also worked with HDFC Bank and Mahindra & Mahindra Financial Services. During his various stints, Mr. Sandhu has worked in several states across the country.

Turning to Micro LAP segment, which is a key step towards diversification of our business. Disbursements are gradually scaling up through a structured rollout across Tier 3 to Tier 5 towns. We are offering loan tenures of up to 10 years with average ticket size of INR6 lakhs to INR7 lakhs and yields of about 22%.

IndoStar's Micro LAP portfolio recorded disbursements of INR30 crores with AUM reaching INR128 crores in Q3 FY '26. 74% of our borrowers are self-employed. And in 99% of cases, we have residential properties as a collateral. While this business is in semi-urban rural areas, we have reached significant digitization. Close to 100% of customer onboarding is now being done through e-applications and e-agreement.

Our collection in this segment is also close to 100% digital without any cash collection. The rollout has been supported by company's existing distribution footprint and robust credit processes, resulting in a healthy early repayment trends and a sound risk profile. In the current portfolio of 2,215 customers having AUM of INR128 crores build up till end of December '25, only 6 customers are in 1+ DPD, which shows the excellent quality of the book achieved by our robust credit and collateral underwriting framework.

This has given us the confidence to invest further in this business. And in the last quarter, we also rolled out MLAP business in Gujarat on a pilot basis in 5 branches. In last 1 year, we have improved count of our branches, where MLAP business is operational from 40 to 75. While there is an opportunity to launch Micro LAP business across our 448 branches, we have chosen to expand in a calibrated way.

Overall, as a company, we remain very liquid and under levered with consistent improvement in incremental cost of borrowing. We have a strong ALM profile and have positive cumulative mismatches across all buckets.

In closing, growth and risk management will continue to remain the 2 core pillars of how we operate. We adhere to a well-defined and comprehensive risk framework, encompassing credit, liquidity, ALM, operational, regulatory and information security risk with a strong oversight from our Board and senior management.

As we look ahead, our focus remains expanding disbursements of vehicle finance and Micro LAP business while maintaining portfolio quality and profitability. Let me now hand over the call to Mr. Jayesh Jain for an overview of our financial performance.

Jayesh Jain: Thanks, Randhir. Good afternoon, everyone. Let me begin with a brief update on a onetime corporate action completed during the quarter. We concluded the preferential allotment of 1.4 crores shares to our holding company, BCP V Multiple Holdings and 1.1 crores shares to Florintree on conversion of the outstanding warrants issued in FY '25. BCP V and Florintree now holds 55.98% and 6.753% of equity share capital, respectively.

Let me now move to the operating performance for the quarter. Our retail disbursement for the quarter stood at INR1,117 crores as compared to INR927 crores in the previous quarter and INR1,291 crores in the same period last year. Our disbursement yield for the quarter was 17.2%, broadly stable compared to 17.1% in Q2 and higher than 16.5% last year. We expect disbursement to continue improving sequentially as we deepen our footprint and benefit from rising demand across our core segments.

During the quarter, we expanded our network to 448 branches across 23 states. Our AUM stood at INR7,692 crores compared to INR7,564 crores in the previous quarter. Of this, the on book portfolio was INR7,219 crores and the off book portfolio was INR473 crores. We remain focused on scaling the business in a calibrated and a sustainable manner.

In the vehicle finance segment, which remains our key growth driver, disbursement increased to INR1,087 crores in Q3, up from INR900 crores in Q2, supported by the deeper penetration and healthy demand in the used vehicle category. Our Micro LAP business also continued to gain traction with disbursement of INR30 crores during the quarter. The steady progress here reflects disciplined underwriting and encouraging early portfolio behavior, and we see this as an important growth engine going forward.

For the quarter, net interest income was around INR209 crores, a 16.1% increase from INR181 crores in Q3 FY '25 and a 10.2% increase from INR190 crores in Q2 FY '26. Our operating expenses continue to remain stable and were at INR124 crores for the quarter as compared to INR121 crores last year. Q3 includes a onetime one-off impact of INR4.8 crores due to the change in the wage code. During the quarter, we also sold a stress pool of INR135.73 crores for a consideration of INR108.55 crores.

Our EMI to EMI collection efficiency remained healthy at around 90%, supported by stronger underwriting and tech-enabled collection processes. Gross Stage 3 stood at 4.06% and the Net Stage 3 stood at 1.76%. We closed the quarter with a net profit of INR8.3 crores compared to INR10.5 crores in Q2. As mentioned earlier, the quarter includes a INR4.8 crores onetime impact from the wage code changes.

Our balance sheet remains strong, capital adequacy at 14.4%, providing ample headroom for growth. Debt to equity at 1.2x, reflecting a resilient capital structure, a positive ALM position across all buckets. Cost of funds have eased to 10.3%, down from 10.8% last year and incremental borrowing cost reduced to 9.1% from 10.2% in Q3 FY '25.

We are making steady progress on all the building blocks of profitability, maintaining and improving yields and NIMs, driving operating leverage and improving OPEX ratios and strengthening asset quality and credit cost through disciplined underwriting and collections.

As we look ahead, our focus remains on growing the business responsibly while continuing to enhance profitability and maintain strong asset quality. Our shift towards a retail-centric model is progressing well, supported by operational discipline, prudent risk management and a more diversified portfolio.

With the momentum we have built, we will continue to scale the book responsibly, supported by tighter credit norms and stronger underwriting standards. Overall, we remain confident of delivering sustainable business growth along with a steady improvement in profitability over the coming quarters. Thank you for being on the call. I now hand over to the moderator for question-and-answer session.

Moderator: The first question comes from the line of Nakul Doshi from Sankhala Investment Advisors.

Nakul Doshi: **Thank you for the opportunity** My first question was with the non-performing assets showing an upward trend, could you elaborate on the immediate steps management is taking to contain this rise and improve overall asset quality?

Randhir Singh: Thanks, Nakul. I think like we mentioned in our opening remarks, we did take a significant policy tightening exercise proactively last year. And as the book is growing, especially the component of our book, which has originated after January, the delinquency is down almost by 50%.

If you see our presentation, which will show you on non-starter as well as early delinquency, Slide Number 19, you would see that the new origination after the policy tightening, the delinquency is almost 50% lower. So over a period of time, as this loan book which is created after January becomes a higher percentage of the overall book, this number will automatically come down, because the new book is after Jan '25 has just about 50% delinquency than the previous period.

Nakul Doshi: **Understood, And** additionally, when it comes to any particular long-term measures, so what are the long-term measures being implemented to prevent similar stress in future portfolios?

Randhir Singh: Sorry, Nakul, I didn't get your question. Can you just repeat the last bit?

Nakul Doshi: Additionally, what long-term measures are being implemented to prevent similar stress in future portfolios?

Randhir Singh: Okay. So a few things, we have very recently did 2 important things. One is we have put a very comprehensive early warning system, which has been implemented after 6 months of a lot of work looking at the data. And that gives us very early warning signals across geographies as well as across product. So that should, obviously, help. We've also significantly invested in our collection infrastructure. And these 2 things together will ensure that we react quickly to any deterioration in portfolio quality.

Nakul Doshi: So will these proactive measures help us in like immediately or it will take some time to actually materialize?

Randhir Singh: They've already helped us. I will just again bring you back to Slide Number 19, which does show our non-starter coming down from 5.2% to 2.08%. So it's less than 50%. You would also see in our Slide Number 13, it will show you how we have strengthened our customer quality and profile.

You will see our higher CIBIL score customers are growing in proportion. From December '24 to December '25, the increase is almost from 82% to 89%. So you would see that our customer credit profile has improved significantly with higher scores now having a higher percentage of the book.

Moderator: The next question comes from the line of Varun Gajaria from Omkara Capital.

Varun Gajaria: **hi sir, thank you for taking the question** I just wanted to understand, so on the earlier point that one of the participants made, if you could just spell out what were the pain points during this quarter with the NPAs rising a bit? And how do we trend continuing in the coming quarters?

Randhir Singh: I think with the decisive actions we have taken, we would see significant improvement over the next 2 quarters. As you can see on Page Number13 and 19, we have given fairly detailed information. Those are the actions we've taken.

Varun Gajaria: Okay. And what were the pain points that you may have recognized in this quarter?

Randhir Singh: So essentially, it's really some of the profiles where we witnessed softness, right. And many of these have been corrected, obviously, long time back, at the beginning of the year itself. But we still have, obviously, assets from the previous period. But most of the softness that we saw, we have taken very strong corrective action.

And you would recall that policy tightening, we did sacrifice volumes because we wanted a very good portfolio quality. So would remember our discussion in the previous quarter where we said we proactively tightened our policy, which led to drop in volumes. We have already weeded some of those weaker profiles.

Varun Gajaria: Okay. And our current level of yields for new disbursements, are they in line with the earlier disbursements? Or are they slightly on a higher scale?

Randhir Singh: In the last 2, 3 months, as our own funding costs have come down, we have started catering to prime segments where the yields are low, but of course, the credit cost is also low. Net-net, basically, we've been able to cater to the prime segment at a slightly lower rate. So all-in yield, which used to be about 18% to 18.25%, right, that has come to about 17.25%. But our NIM has broadly remained same because our own cost of fund has come down.

Varun Gajaria: Yes. And how do we see these...

Randhir Singh: As well as Slide 20.

Varun Gajaria: Right. And how will we see these yields mix going forward? Because now the portion of Micro LAP will also come into play, right? Micro LAP so far the exposure has been limited. Now that we expand, how do you see this yield mix going forward?

Randhir Singh: So I think on the vehicle finance 17% is where we intend to operate for the near term unless until we see, obviously, more reduction in our own interest cost. We want to ensure that our NIM remains protected, right So that is on the vehicle finance, and we think that 17% is something that we would like to maintain for a few more quarters.

On the Micro LAP business, like you said, right now, it's a small percentage, but the yields they are very significantly higher than vehicle finance. There, we are maintaining about 22% plus. And even on a go-forward basis, it's fair to say that we will have yields in excess of 20% for a long time. So as that surplus grows, maybe the net effect would be for yields to at least remain at 17%, if not go up.

Varun Gajaria: Okay. So 20% plus should hold up for now, even in wake of the competition that's...

Randhir Singh: For the Micro LAP and when I say 20%...

Varun Gajaria: Micro LAP, yes.

Randhir Singh: That will give a lot of buffer because right now, we are at almost 22%.

Moderator: The next question comes from the line of Danesh Mistry from Investor First Advisors.

Danesh Mistry: Good afternoon and thank you for giving us a time to talk to us**.** Congratulations on a great set of numbers. I mean, it's shaping up well. You can see incremental cost of borrowings come down. I just had a few questions. The first question is that, I think we've raised about INR150 crores to INR200 crores in this final warrant conversion, so does that feature in the treasury asset of INR487 crores?

Jayesh Jain: Yes, this money had come in, and this would be part of the treasury asset and would have been deployed also. So our cash and cash equivalent at the end of the quarter was around INR22 crores only. And there was a mutual fund investment of around INR277 crores, so this would be part of the treasury asset.

Danesh Mistry: Got it, sir. Got it. And just secondly, see I mean, as of this quarter, we did a run rate of about INR1,000 crores disbursement. If you see our leverage, we are now at 1.2x debt to equity. How do you see that kind of moving for us? What level of leverage would we be comfortable with over the next 2-3 years?

Randhir Singh: Okay. So Danesh, we are under levered. And obviously, the reason for that is sale of our subsidiary, which obviously led to significant cash infusion. I think if you look at most of peers in the industry are operating somewhere between 3.5x to 5x, right? So that's really been where most of our peers are. And it's fair to say that, that is quite an acceptable level, which is something that we will also reach with the growth that we're pursuing.

You can see that we grew significantly last quarter of about 20%. We have taken significant actions to boost that growth, not just the number of branches. We have taken a significant hiring drive in the last quarter, and that will increase number of our frontline sales-people by 30% in next quarter compared to this quarter.

So all these things, obviously, will lead to higher AUM increase in leverage, but we will be nowhere close to the leverage that many of our peers have. So I think we have a lot of headroom to grow without the need for equity, if that's what your question is.

Danesh Mistry: Yes, absolutely because your CAR is also 41%. So I was trying to understand how much growth can be possible. Just one last question is that if you see this time provisioning was up, you've talked about the fact that you've done some further tightening around the norms. But are we past that phase? Or are we still incrementally tightening the norms?

Randhir Singh: We're not tightening. We tightened in January last year, that was the most significant tightening and then a few small refinements in Feb and March, but nothing since then. So no more tightening is required because the portfolio is actually behaving well. In fact, we took some of the restrictions away from the smaller ones, because we got significant comfort from the portfolio quality like you can see from the non-starter and early delinquency trends. So it's been very encouraging trend there.

Danesh Mistry: Got it. Understood. And last question, your incremental cost of borrowings have come down reasonably well. It's featuring in your NIM as well. But are you seeing any further improvement there as some of the loans kind of roll over, yes.

Randhir Singh: No, absolutely. So I mean, you would see there is a gap between our incremental cost of borrowing, which is at about 9.1% versus our cost of borrowing in the book, that is 10.3%

Danesh Mistry: 120 bps.

Randhir Singh: So very clearly over a period of time, these 2 will converge, right? And that's obviously the opportunity for us to save on the interest cost.

Danesh Mistry: Got it. Got it. Understood. But you don't see any improvement beyond 9.1% on the incremental.

Randhir Singh: I think we could. We'll have to see. We have seen a significant reduction already. We do think that further refinement is possible.

Danesh Mistry: Thank you so much and wish you the very best of Luck

Randhir Singh: Thank you Danesh

Moderator: The next question comes from the line of Vignesh Iyer from Sequent Investment.

Vignesh Iyer: Thank you for the opportunity So my first question is on our AUM growth. So we are as of now having a quite favorable debt to equity. And I wanted to understand how do we see our AUM growth when it comes to quarter 4 and more like FY '27? And which category or the segment would we see majorly the growth coming from?

Randhir Singh: So Vignesh, I would just point you towards the trend that we have over the last quarter, wherein our total growth in disbursements were about 20%. And while for this quarter, obviously, while typically January is slow because of many holidays, we do think there is a strong momentum in the last quarter as well. Some of our peers have also pointed to that strong trend.

Over and above, like I just pointed in the previous question, we are investing significantly in our frontline sales team, and that number would go up by 30%. So we also started adding branches after the pause.

So a lot of these actions that we're taking are towards maintaining this growth momentum of 20% that we saw in the previous quarter. So we are taking lots of steps. And while they may come with a lag, but a very strong foundation is being created to support the growth.

Vignesh Iyer: So if I understood it right, 20% on disbursement, right, is what you're saying on the growth front?

Randhir Singh: Yes.

Jayesh Jain: So this was a number what quarter-on-quarter growth last quarter, Q3 over Q2.

Moderator: The next question comes from the line of Darshan Shah from M&F Associates.

Darshan Shah: My first question was on the Micro LAP. Micro LAP disbursements, if I see, they've been broadly stable at INR30 crores for the last few quarters. So my first question is, how do we plan to scale this business in the next financial year, FY '27?

Randhir Singh: Okay. So like I mentioned in the opening remarks, we are investing in this business, while there is, of course, an opportunity for us to launch this business in about 450 branches that we operate in. What we've done is, we have done the rollout, keeping an eye on the portfolio quality and which so far has been very, very good.

We just have about 6 delinquent customers out of about 2,000-plus customers. So this is the business that we are investing in and growing. And I think it's fair to say that next year, we would try and double our AUM from this year's level, so that's really the plan that we are working on.

Darshan Shah: Okay, sir. No, no, that's good. And any regions or customer segments that we are targeting to drive growth?

Randhir Singh: Yes. So we had done the full-fledged launch in Tamil Nadu. In the last 2 quarters, we started rolling out this business in AP and Telangana as we speak. And while that rollout happens in all the branches, in parallel, we started rolling out this in Gujarat on a pilot basis in 5 branches.

So we have now Tamil Nadu, we have AP, we have Telangana and we have Gujarat. TN fully operational, AP and Telangana, almost 50% done, Gujarat on a pilot basis. I think it's fair to say that in the next 6 months, we would like to add one more state for our MLAP business.

Darshan Shah: Got it, sir. And just sir, if you could also highlight your underwriting or your credit process and what are the synergies that you employ from your other housing finance business into this specific product category in terms of you would have credit buckets or vintage of customers or something that you analyze. So between the products, how does that help you?

Randhir Singh: Yes. Sorry, I just want to clarify, there is no housing finance business we have anymore. You mentioned housing finance because we obviously, as you know, we sold that business, right? So no longer...

Darshan Shah: Yes. But the experiences and all would still remain within the company

Randhir Singh: Sure. Of course. So obviously, it is essentially, this business is, obviously, loans against property. It's a mortgage business. And in our case, too, 99% of the collateral that we have is residential property and almost 95% of that is self-occupied residential property. So this entire business, obviously, in terms of credit is fully secured. We do not do anything unsecured. And we have kept our LTVs low. So it's a fairly low LTV business. It's always been below 40%.

Third is, in terms of our approach, every customer is met by a credit officer. So there's a personal discussion with every customer before we provide credit facilities. So a combination of personal discussion, credit assessment and obviously, low LTV is something that we are following for each case. to make sure that our portfolio quality remains strong.

Darshan Shah: Got it, sir. And sir, sorry if I would have missed it earlier, but one of the biggest segments, the used vehicle finance segment, how is that doing, your outlook? And for FY '27, what is the growth that you're expecting there. For Micro LAP, you said you'd want to target doubling the AUM. So any such targets for used vehicle finance also?

Randhir Singh: We typically do that in the last quarter, the budgeting exercise, and we will try and give you an estimate in the next call. But right now, like we said, we do have a strong momentum on disbursement.

Last quarter, we did grow about 20%. We do feel good about this quarter as well, and we have taken a lot of steps incrementally on new branch opening and significant addition to our sales force. A lot of these steps would -- should lead to good growth outcomes on disbursements.

Darshan Shah: Ok got it Thank you for your answer and I will join back in que for any further information.

Moderator: The next question comes from the line of Hitesh Arora from Abakkus Asset Manager.

Hitesh Arora: So what is the NSED credit cost we can look at?

Jayesh Jain: Hello So earlier on the call also, Randhir did mention about a lot of interventions we have done in terms of the portfolio, which has been originated since Jan '25. And we did mention about the recent trends on the NSED, non-starter and ED early delinquency portfolio recently. It wouldn't be appropriate for us to give any guidance as of now.

Considering that a lot of interventions has been done and a lot of changes are being done also. So this should remain well under control, but as Randhir mentioned on the previous question also, we would give guidance on this in the next quarter call.

Hitesh Arora: But just an estimate, when you say under control, is it like 2%, 3%, 5%? What is your when you...

Randhir Singh: Yes. Can you hear us?

Hitesh Arora: Yes.

Randhir Singh: Is your question on the credit cost? Sorry, your line is not very clear.

Hitesh Arora: No. Question on the credit cost, sir. Credit cost.

Randhir Singh: Okay. Okay. So let me take that question. If you see I mean, obviously, credit cost is a function of segment that one operates in. We have, obviously, chosen a segment, which is a mix of largely used where, obviously, the yields are high, but the credit cost is also higher compared to the new segment.

We would target from a business plan perspective, we would target a credit cost of about 2% plus/minus a few basis points here and there. That is really our plan. That's how we are planning our business.

Hitesh Arora: So I mean this quarter was higher, but we have a glide path for that to get to this number?

Randhir Singh: So this quarter was higher, but you would see that the book after Jan '25 after the tight underwriting is growing, that cost is coming down quite significantly. It would come down. It's only a matter of time. It's basically there are averages at play. Once the book after Jan '25 becomes higher in proportion, the cost will automatically come down.

Hitesh Arora: And just is there something like billing efficiency. There is chart on billing efficiency, what is that, can you give us sense it's on Slide 29?

Jayesh Jain: Sorry, your question, if you can articulate that again, please?

Hitesh Arora: Slide 29, you've got a chart on billing efficiency of 90%.

Jayesh Jain: Yes. The billing efficiency it is. Yes.

Hitesh Arora: What does that mean?

Jayesh Jain: The billing efficiency would mean the EMI collection-to-collection. The EMI which are due for the month and out of that, what has been collected further. So that's bill efficiency.

Hitesh Arora: Okay. So we'll be collecting 90% of the portfolio on day...

Jayesh Jain: Yes.

Moderator: The next question comes from the line of Pratik Shah from Investing Alpha.

Pratik Shah: I only have one question, and it is about the disbursement, like disbursements have increased quarter-over-quarter. So is this the current run rate sufficient to support growth in FY '27? Or should we expect sharper acceleration on it?

Randhir Singh: Yes. So Pratik, our amount of disbursement that will grow up, right? So if your question is, will this grow further in this quarter, that really is a trend that we see. So from about INR1,117 crores is what we disbursed in the last quarter, we will surely see a growth on this number in this quarter. So this would grow. And as I described, we've taken a few more steps to support this growth in coming quarters as well by increasing our frontline sales number by about 30%.

Moderator: Thank you. That was the last question for today. On behalf of IndoStar Capital Finance Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines