

IndoStar Capital Finance Limited

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IndoStar reports PAT of ₹ 15 crores during Q3FY22

- **Total Retail disbursements at ₹ 1,456 crores**
- **Retail AUM ~ ₹ 7,594 Crores - up from ₹ 6,922 Crores from Q2FY22. Retail lending now stands at 82% of total AUM**
- **Strong Capital Adequacy at 35%**
- **Opened 65 new branches leading to a total of 125 new branches in 9 months, with focus in north and north east India. 343 branches across 21 states**

Mumbai, Friday, February 11, 2022 – IndoStar Capital Finance Limited (IndoStar), one of India's leading retail non-banking financial companies announced its Q3FY22 results today. The AUM stands at ₹ 9,236 crores, up 8% against previous quarter, despite gradual reduction in the corporate lending book, which the company plans to reduce further. The Company aims to be 100% Retail Company. IndoStar's business transition from corporate to retail franchise coincided with Covid. IndoStar however is now at an inflexion point and much closer to a profitable, high growth path than ever before.

In Q3FY22, the company touched an all-time high retail disbursement of ₹ 1,456 crores for a quarter, and collection efficiencies remained above 100%.

Pan India Expansion

Keeping in line with previous guidance, the company continued to expand its branches, focusing on untapped markets in North, East and North-East India, to supplement strong presence in South and West India. Following a hub and spoke model for expansion, special emphasis has been laid on integrating the new branches with the company's digitization initiative, aimed at reducing operating costs and enhancing customer experience. With 65 new branches in Q3, total branch strength is now at 343 across the country.

Leadership Transition for future growth:

Q3 also saw the elevation of Mr. Deep Jaggi, Chief Business Officer, to Chief Executive Officer. Mr. Jaggi, who headed all retail verticals in his erstwhile role, will now lead the organisation's aim of expanding into 1000 branches in the next 5 years. This is part of a well thought through succession plan.

Process and Operational Excellence:

With a more pronounced focus on process excellence, new underwriting policies and collections practices have been applied. By increasing technological orientation, the company will be leveraging analytics and big data to focus on newer markets and ensure profitable growth.

Retail AUM increases to 82%; focus on Used CV and Affordable Home Finance to continue

In line with its retailisation strategy, the share of retail is now 82% up from 75% last year. Despite a cyclical slowdown in commercial vehicles and in the introduction of BS-VI, the segment remains to be profitable, underscoring the quality of the retail franchise. The affordable housing segment continues to perform strongly. An up-tick in the economy and the execution of the already announced scrappage policy will provide additional impetus for growth.

Stable credit rating and robust liquidity pipeline:

The company currently has liquid assets of around 14% of its borrowings. With a credit rating of AA- with stable outlook, even in the current challenging times, the company has a strong pipeline and multiple avenues to raise further liabilities to finance additional growth.

Speaking on the results, Deep Jaggi, CEO, IndoStar Capital Finance remarked “The organisation has demonstrated remarkable resilience through multiple covid-19 waves and not digressed from its path of achieving rapid growth. By using the pandemic induced crisis as an opportunity, we achieved superior levels of asset quality and solvency. Now at an inflection point, we are well placed to deliver secular loan book growth and profitability quarter-on-quarter. We have undertaken an endeavour of expanding our presence to the length and breadth of the country and will leverage technology to its fullest potential in fulfilling our ambitions. Our internal focus coupled with a gradual up-tick in the economy positions us well to capitalise on the tremendous post pandemic opportunity”

Key Financials:

Particulars (₹ Crores)	Q3FY22	Q2FY22	QoQ	Q3FY21	YoY
Net Revenue from operations	163.8	144.8	13%	156.8	4%
Pre-Provision Operating Profit	62.2	50.2	24%	76.8	(19%)
Provisions and accelerated write-offs	42.7	(2.8)	n.a.	46.2	(8%)
Profit After Tax	14.5	39.4	(63%)	24.2	(40%)

Consolidated financial update for the quarter ended December 2021

- Net Revenue from Operations at ₹ 163.8 Crs
- Gross and Net Stage 3 at 4.3% and 2.3% respectively

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 which is 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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