



ICFL/LS/0063/2022-23

9 August 2022

**BSE Limited**

Listing Department, 1<sup>st</sup> Floor,  
P J Towers, Dalal Street, Fort,  
Mumbai - 400 001

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

**Scrip Code:** 541336

**Symbol:** INDOSTAR

**Sub.:** Update on Audited Financial Results (Standalone and Consolidated) for the quarter and financial year ended 31 March 2022 (“Q4FY22 Results”) and quarter ended June 2022 (“Q1FY23”)

**Ref.:** Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule A of Regulation 8 of SEBI (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/ Madam,

Please find enclosed update on the (i) Q4FY22 Results covering clarifications on the qualifications mentioned in the Auditor’s Report thereon; and (ii) Q1FY23 covering liquidity position, funds raised and collections of the Company till 31 July 2022.

Thanking you,

Yours faithfully,

For IndoStar Capital Finance Limited

Jitendra Bhati  
SVP – Compliance & Secretarial  
(Membership No. F8937)



Encl.: As above

**IndoStar Capital Finance Limited**

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CIN : L65100MH2009PLC268160

**INDOSTAR CAPITAL FINANCE LIMITED**

# **Q4FY22 Results Update**

Aug 09, 2022

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**Note : The figures for the previous period have been adjusted, wherever considered necessary to conform with the financial reporting requirements.**

## Key Highlights

- Company continues to remain a Going Concern
- Liquidity continues to remain strong
- Adequate Provisioning on overall business
- Multiple positive events post Balance Sheet Date
- Company to publish Housing Finance subsidiary results for 1Q FY23 on 11<sup>th</sup> Aug
- Company to publish Indostar Capital Finance results for 1Q FY23 on 14<sup>th</sup> Aug

## **Company continues to remain a Going Concern**

- No qualification on Going Concern by auditors – only a noting requirement as per audit standards  
“Our opinion on the Statement is not modified in respect of going concern” – From Deloitte’s Audit Report
- We have made Pre-Provision Operating profit (PPOP) in every quarter of FY 2022. ECL provisions and write offs required on stressed loans (which we disclosed, and provided for) have resulted in net loss in Q4 and FY22
- Company is engaged in active conversations with its lenders and credit rating agencies, and these relationships continue to show confidence in the Company due to its high capital adequacy, low leverage, Promoter support and expected improvement in June financials
- Promoters remain fully supportive of the company. Company has raised USD 100 million (INR 770 crores) facility in June 2022 on the back of strong global banking relationships of our promoters
- Company’s housing finance subsidiary continues to register strong performance. AUM as of Mar’22 stood at ~INR 1,406 crore, recording 41% growth over FY21. FY22 ROA stood at 3.1%, PAT INR 34 crore, Networth INR 499 crore. GNPA for housing finance business stood at 1.8%, one of the lowest in the affordable housing finance industry and continues to demonstrate strong asset quality of the business
- On 9<sup>th</sup> Aug’22, CARE’s rating for Indostar is investment grade, given company’s strong capitalization with healthy net worth, strength of promoter support, and company’s retail focused approach

## **Liquidity continues to remain strong**

- Our liquidity continues to remain strong. Unencumbered cash / cash equivalents on hand as of Aug 5<sup>th</sup>, 2022 is ~ INR 900 crores and undrawn lines of ~INR 700 crore
- Capital Adequacy, based on Mar 2022 financials is 25.8%. Should strengthen post 1Q FY23 financials
- Debt : Equity is 1.9 times as of Mar 2022. Should improve post 1Q FY23 financials
- We have raised over INR 1,850 crore incremental funding (INR 1,750 crore for ICF stand-alone) after 1 April ‘22
- Q1 FY23 recorded one of the strongest collections at over INR 1,300 crores. Collections efficiency is at 183%
- We are working on raising incremental funding of INR 1,000 crore in Aug

*Q1 FY23 numbers are basis management estimates*



## **Adequate provisioning on overall business**

- We have adopted a conservative provisioning approach. Even after conservative provisioning, Mar 22 Capital Adequacy stands at 25.8% and leverage stands at 1.9 times.
- With continued robust collection performance of the overall loan book, and other initiatives, management expects improvements in loan staging, which will lead to improved GNPA / NNPA levels in 1Q FY23
- Capital adequacy in 1Q FY23 should also strengthen further

## **Multiple positive events post Balance Sheet Date**

- Company has strengthened controls, reviewed policies and upgraded technology systems
- Company has also revamped the management team across functions
- Management has executed a sale transaction to an ARC to reduce the stress book which has contributed to reduction in GNPA/NNPA in 1Q FY23
- Company has accelerated collections efforts and recorded one of the strongest collections in 1Q FY23 at over INR 1,300 crore. Collections efficiency is expected to be 183% in June quarter
- Company has raised over INR 1,850 crore incremental funding (INR 1,750 crore for ICF stand-alone) after 1 April 2022 through new lines of credit and securitization
- Company is looking to raise incremental funding of INR 1,000 crore in Aug
- With the actions above, the management expects lower levels of GNPA/NNPA, higher capital adequacy and lower leverage in June quarter, putting the company back on track towards profitability

*Views on 1Q FY23 is currently based on management estimates*

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated <sup>^</sup>
Revenue from operations	522	180	145	274	1,174
Interest expenses	197	91	49	106	536
<b>Net interest income</b>	<b>325</b>	<b>89</b>	<b>96</b>	<b>168</b>	<b>638</b>
People costs	103	19	29	5	205
Other operating expenses	95	7	15	8	171
<b>Total operating expenses</b>	<b>197</b>	<b>25</b>	<b>43</b>	<b>14</b>	<b>376</b>
<b>Pre-provision operating profit</b>	<b>128</b>	<b>64</b>	<b>52</b>	<b>155</b>	<b>262</b>
ECL Provision	625	7	5	(57)	580
Write offs	467	92	1	18	579
<b>Credit costs</b>	<b>1,092</b>	<b>100</b>	<b>6</b>	<b>(39)</b>	<b>1,158</b>
<b>Profit before tax</b>	<b>(964)</b>	<b>(36)</b>	<b>46</b>	<b>194</b>	<b>(896)</b>

Particulars (₹ crore)	CV Finance	SME Finance	Housing Finance	Corporate Lending	Consolidated <sup>*</sup>
<b>Loan assets</b>	<b>3,598</b>	<b>1,450</b>	<b>1,216</b>	<b>1,423</b>	<b>9,662</b>

<sup>^</sup> Consolidated P&L includes treasury income, common corporate costs which are unallocated between segments

<sup>\*</sup> Consolidated total assets includes loan assets + treasury and other assets of INR 1,975 crore

Particulars (₹ crore)	Q4FY22	Q3 FY22	FY22	FY21
Revenue from operations	341	288	1,174	1,287
Interest expenses	138	124	536	706
<b>Net revenue from operations</b>	<b>203</b>	<b>164</b>	<b>638</b>	<b>581</b>
People costs	43	60	205	174
Operating expenses	44	42	171	139
<b>Total operating expenses</b>	<b>86</b>	<b>102</b>	<b>376</b>	<b>313</b>
<b>Pre-provision operating profit</b>	<b>117</b>	<b>62</b>	<b>262</b>	<b>268</b>
ECL Provision	550	36	580	294
Write offs	487	7	579	194
<b>Credit costs</b>	<b>1,036</b>	<b>43</b>	<b>1,158</b>	<b>487</b>
<b>Profit before tax</b>	<b>(920)</b>	<b>20</b>	<b>(896)</b>	<b>(219)</b>
Tax	(166)	5	(160)	(5)
<b>Profit after tax</b>	<b>(754)</b>	<b>15</b>	<b>(736)</b>	<b>(214)</b>

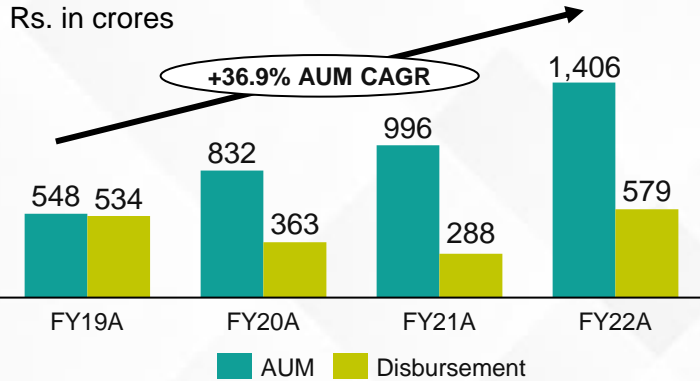


# HFC: Rapidly ramping high quality housing book

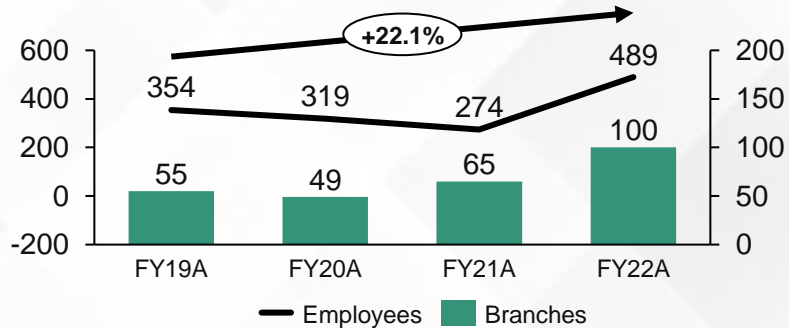
HFC runs as a fully independent company and was recently capitalized; HFC business has now scaled up to an AUM of c.1,406crs at a CAGR of c.37% in last c.3 years. Infrastructure of c.100 branches with c.489 employees and very strong asset quality (GNPA's of <2%)



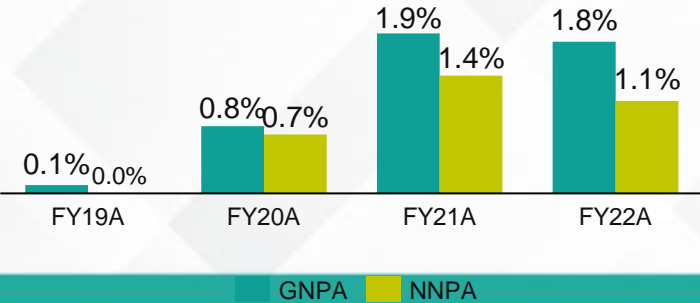
## AUM has grown at c.37% CAGR over last c.3 years



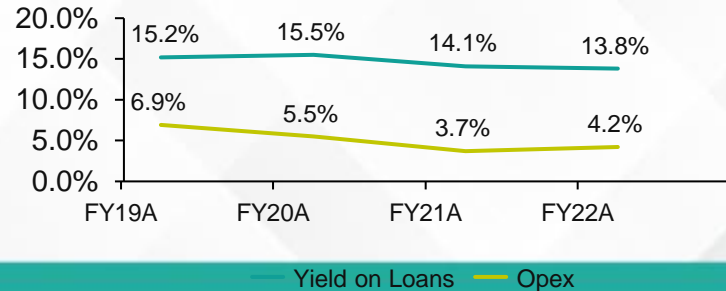
## Expanding Branches - Pan India



## Strong Asset Quality with NNPA of <2%



## Yield and Cost Profile



Notes: 1. Basis HFC financials  
Notes: 2. AUM is gross of ECL and includes On-book plus off-book assets