

IndoStar Capital Finance Limited

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IndoStar reports Q1FY22 results

- **Retail disbursements @ 628 cr with collection efficiency above 100%**
- **Strong Capital Adequacy at 35%**
- **Expanding geography, products and customer segments**
- **Affordable housing finance business crosses AUM of Rs. 1,000 crores**

Mumbai, Thursday, August 12, 2021 – IndoStar Capital Finance Limited (IndoStar), one of India's leading retail non-banking financial companies announced its Q1FY22 results today. The AUM stands at ~ Rs 7,888 crores. The focus in Q1FY22 remained on retail disbursements which touched Rs 628 crores, which is at par with Pre-Covid levels.

Retail AUM increases to 77%; focus on Used CV and affordable Home finance

In line with its retailisation strategy, the share of retail is now 77%. The company is looking at growth opportunities in the CV and affordable home finance. In the CV finance business, company will focus on used vehicle financing. IndoStar is well placed to take advantage of the replacement demand in the 5 to 12 years old segment plus the demand which will unfold on account of scrappage policy. The company is also focusing on Affordable housing finance, which is focus area for the Government also. In the affordable home finance business which had been a 100% subsidiary of the company, the company has crossed the AUM of Rs 1,000 crore of AUM with good profitability and exceptional asset quality focusing on 6-7 states. The company is at an inflection point and has strengthened its senior leadership in key positions with an eye on the tremendous post pandemic opportunity available in the asset financing and affordable housing finance segment.

Excellent collection performance:

IndoStar has one of the highest Capital Adequacy ratios amongst all listed NBFCs. With strong ALM and low leverage, the company reported more than 100% collections during this quarter, one of the most challenging quarters. As a strategy, the company has built a separate collection vertical, which will be able to further enhance our asset quality.

Reduction of Corporate lending book to less than 10% of AUM by March 22

While, the company has an aspiration to build a large retail business, the company has also taken a bold decision to wind down gradually the corporate lending business. By March 2022 the corporate book component in the overall AUM will come down below 10%.

Ready to capitalize sizeable post pandemic market opportunity:

The conservative approach of ring-fencing balance sheet over last few quarters has strengthened IndoStar's position and places it ideally to take advantage of future growth opportunities. The company is now looking to accelerate the buildup of the retail business. The combination of opening smart branches along with the digitization initiative will help the company to enhance productivity and reduce operating expenses. The company is also expanding Geography, Products and customer segments to gain market share.

Stable credit rating and robust liquidity pipeline:

The company currently has liquid assets of approximately 23% of its borrowings, sufficient to cover all its repayment obligations for this financial year without any incremental 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, R Sridhar, Executive Vice-Chairman & CEO, IndoStar, *"With the second wave of Covid-19 behind us and the economy gradually returning to normalcy, lending businesses certainly have their work cut out. However, we have worked hard over the last 18 months to ensure we are well positioned to capture a huge chunk of the retail market, and will be expanding our market share in Used CV financing and affordable housing. We have some of the world's leading private equity companies like Brookfield and Everstone providing us with the much needed capital to grow. We have also leveraged technology to make our branches and operations more efficient, and hired over 30 senior leaders across key positions keeping in mind our ambitious plans and targets for the future."*

Key Financials:

Particulars (INR Crores)	Q1FY22	Q4FY21	QoQ	Q1FY21
Net Revenue from operations	126.6	120.8	5%	149.6
Pre-Provision Operating Profit	33.1	38.3	(14%)	75.1
Provisions and accelerated write-offs	82.3	383.8	(79%)	24.6
Profit After Tax	(36.8)	(317.1)	(88%)	47.2

Consolidated financial update for the quarter ended June 30th 2021

- **Net Revenue from Operations at INR 126.6 Crs**
- **Positive ALM across all buckets**
- **Gross and Net NPAs at 4.5% and 2.2% 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 for transporters, 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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