

IndoStar Capital Finance Limited

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IndoStar reports PAT of ₹ 39 crores during Q2FY22

- Crossed ₹ 1,000 crores for the first time in Retail disbursement , up 77% over Q1FY22
- Retail AUM ~ ₹ 6,606 Crores - up from ₹ 6,193 Crores from Q1FY22
- Strong Capital Adequacy at 35%
- Opened 38 new branches leading to a total of 278 branches - Focus continues on expanding footprint
- Continued reduction in Corporate lending book – over 800+ crores collected in last 1 year. The share of retail is now 80%, up from 73% over Q2FY21

Mumbai, Wednesday, November 10, 2021 – IndoStar Capital Finance Limited (IndoStar), one of India’s leading retail non-banking financial companies announced its Q2FY22 results today. The AUM stands at ₹ 8,117 crores, up 3% against previous quarter, despite gradual reduction in the corporate lending book, which the company plans to reduce to less than 10% of the overall AUM, by the end of FY 22.

In Q2FY22, the company touched an all time high retail disbursement of ₹ 1,107.5 crores, for a quarter and collection efficiencies remained above 100%.

Ready to capitalize sizeable post pandemic market opportunity:

The conservative approach of ring-fencing balance sheet over last few quarters has strengthened IndoStar’s Balance Sheet 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. The company opened 38 new branches leading to a total of 278 branches. The company has ambitious plans of building its affordable housing finance arm into a separate entity within the next 5 years.

Replacement demand to be a huge booster post cyclical shift in commercial vehicles sector:

The commercial vehicle financing business is extremely lucrative due to few players and each targeting a different demographic and ticket size. The key focus area of the company is the 5 to 12-year-old vehicle segment, which is likely to see tremendous

replacement demand post the announcement of the scrappage policy. The company aims to be one of the key players in the used vehicle financing business. It will continue to maintain a vigilant approach in this segment with a razor-sharp focus on collections.

Stable credit rating and robust liquidity pipeline:

The company currently has liquid assets of around 26% 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.

Retail AUM increases to 80%; focus on Used CV and affordable Home finance

In line with its retailisation strategy, the share of retail is now 80% up from 73% last year. 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 segment.

Speaking on the results, R Sridhar, Executive Vice-Chairman & CEO, IndoStar, “The pandemic is slowly but surely retreating, and the worst is certainly behind us, in the lending space. We have utilized the last 18 months to build capacities that will ensure we capture a sizeable chunk of the tremendous business opportunity confronting the retail lending market with respect to commercial vehicles financing, affordable housing and SME finance. We have leveraged technology across every level of business, with digitization initiatives to enhance productivity and reduce operating expenses. With 5 new CXO level hires, we have laid out the roadmap to expand our business across the country. Our endeavor will remain to ensure we cater to the needs of India’s underserved communities.

Key Financials:

Particulars (₹ Crores)	Q2FY22	Q1FY22	QoQ	Q2FY21	YoY
Net Revenue from operations	144.8	126.6	14%	153.8	(6%)
Pre-Provision Operating Profit	50.2	33.1	52%	78.2	(36%)

Provisions and accelerated write-offs	(2.8)	82.3	n.a.	32.8	n.a
Profit After Tax	39.4	(36.8)	n.a.	31.6	25%

Consolidated financial update for the quarter ended September 2021

- **Net Revenue from Operations at ₹ 144.8 Crs**
- **Gross and Net NPAs at 4.7% 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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