April 05, 2023

# IndoStar Capital Finance Limited: Rating withdrawn

## Summary of rating action

| Instrument* | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|---|---|---|---|
| **Commercial paper programme** | 1,250 | 1,250 | [ICRA]A1+ Rating watch with negative implications; Withdrawn |
| **Total** | **1,250** | **1,250** | |

**Instrument details are provided in Annexure I*

## Rationale

ICRA has withdrawn the rating assigned to the commercial paper programme of IndoStar Capital Finance Limited at the company's request as no amount is outstanding against the instrument. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The key rating drivers and their description, liquidity position, rating sensitivities, and key financial indicators have not been captured as the related instrument has been withdrawn. The previous detailed rating rationale is available at the following link: Click Here

## Analytical approach

| Analytical Approach | Comments |
|---|---|
| **Applicable rating methodologies** | Rating Methodology for Non-banking Finance Companies<br>Rating Approach – Consolidation<br>Policy on withdrawal of credit ratings |
| **Parent/Group support** | - |
| **Consolidation/Standalone** | Consolidation; to arrive at the rating, ICRA has taken a consolidated view of the credit profiles of IndoStar Capital Finance Limited (IndoStar) and its subsidiary – IndoStar Home Finance Private Limited (IHFPL), referred to as the Group or IndoStar, owing to the common management, shared infrastructure, as well as the strategic importance of IHFPL to the Group. |

## About the company

IndoStar Capital Finance Limited (IndoStar) is a systemically important non-banking financial company (NBFC). It has been offering vehicle finance for new and used vehicles, loans to small-to-medium-sized enterprises, long-term wholesale funding to corporates (defocused), and home finance through its wholly-owned subsidiary – IndoStar Home Finance Private Limited (IHFPL). Going forward, it plans to primarily offer vehicle finance for new and used vehicles and home finance through IHFPL. Further, as per the management articulation it would be focussing on long term borrowing for funding its loan book. As of December 31, 2022, the consolidated assets under management (AUM; including IHFPL) aggregated Rs. 7,645 crore comprising commercial vehicle (CV) finance (45% share), housing finance (20%), small and medium enterprise (SME) finance (19%), and corporate funding (16%).

As on December 31, 2022, Brookfield held a 56.2% stake in IndoStar, followed by IndoStar Capital Mauritius at 33.0% (including ECP II & ECP III). Brookfield invested Rs. 1,225 crore in IndoStar (through BCP V Multiple Holdings Pte Ltd) in May 2020 to become the largest shareholder and co-promoter of the company. IndoStar was originally established by a group of financial institutions including Everstone Capital, Goldman Sachs, Baer Capital Partners, CDIB Capital and ACPI Investment Managers through IndoStar Capital Mauritius with an initial capital of about Rs. 900 crore. Subsequently, the company got listed on stock exchanges in May 2018 and received a fresh equity infusion of Rs. 700 crore.

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| | Instrument | | | | Current Rating (FY2024) | Chronology of Rating History for the Past 3 Years | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Type | Amount Rated (Rs. crore) | Amount Outstanding (Rs. crore)* | Apr 05, 2023 | Date & Rating in FY2023 | | Date & Rating in FY2022 | Date & Rating in FY2021 |
| | | | | | | May 17, 2022<br>Aug 23, 2022 | Apr 20, 2022 | Apr 16, 2021 | - |
| 1 | **Commercial paper programme** | Short term | 1,250 | - | **[ICRA]A1+@; withdrawn** | **[ICRA]A1+@** | **[ICRA]A1+** | **[ICRA]A1+** | **-** |

*Source: ICRA Research; *As of March 03, 2023; @: Rating Watch with Negative Implications*

## Complexity level of the rated instruments

| Instrument | Complexity Indicator |
|---|---|
| **Commercial paper programme** | Very Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicatexd by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

### Annexure I: Instrument details as on March 03, 2023

| ISIN | Instrument Name | Date of Issuance/ Sanction | Coupon Rate/ Yield | Maturity Date | Amount Rated (Rs. crore) | Current Rating and Outlook |
|---|---|---|---|---|---|---|
| **NA*** | **Commercial paper programme** | NA | NA | 7-365 days | 1,250 | [ICRA]A1+ Rating watch with negative implications; withdrawn |

*Source: ICRA Research; *Not placed*

### Annexure II: List of entities considered for consolidated analysis

| Company Name | Ownership | Consolidation Approach |
|---|---|---|
| **IndoStar Capital Finance Limited** | Rated Entity | Full Consolidation |
| **IndoStar Home Finance Private Limited** | Subsidiary | Full Consolidation |
| **IndoStar Asset Advisory Private Limited** | Subsidiary | Full Consolidation |

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## About ICRA Limited:

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## ICRA Limited

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