

June 08, 2023

Indostar Capital Finance Limited: Rating withdrawn for PTCs backed by vehicle loan receivables securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Star CV Trust March 2020	PTC Series A	76.93	9.30	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for pass through certificates (PTCs) issued under vehicle loan receivables securitisation transaction originated by Indostar Capital Finance Limited (ICFL). All the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy on Withdrawal of Credit Ratings
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

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 March 31, 2023, the consolidated assets under management (AUM; including IHFPL) aggregated Rs. 7,813 crore comprising commercial vehicle (CV) finance (47% share), housing finance (21%), small and medium enterprise (SME) finance (17%), and corporate funding (15%).

As on March 31, 2023, Brookfield held a 56.2% stake in IndoStar, followed by Everstone group at 33.0%. 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.

Key financial indicators (standalone-audited)

ICFL	FY2021	FY2022	FY2023
Total revenues	1,193	1,054	973
Profit after tax	(241)	(769)	187
Total Assets	9787.3	8,824.3	8,139.3
Gross stage 3 (%)	4.4%	15.5%	8.1%
Net stage 3 (%)	2.0%	7.3%	3.8%

Source: Company, ICRA Research; Amount in Rs. crore; investor presentation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	Trust Name	Instrument	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years			
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
					June 08, 2023	Feb 21, 2023	Mar 28, 2022	Mar 19, 2021	Sep 02, 2020
1	Star CV Trust March 2020	PTC Series A	76.93	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Star CV Trust March 2020	PTC Series A	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 indicated 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, is available on ICRA's website [Click Here](#)

Annexure I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. Crore)	Current Rating
Star CV Trust March 2020	PTC Series A	March 2020	9.10%	January 2025	0.00	[ICRA]AAA(SO); Withdrawn

*Schedule maturity extended by five months post moratorium

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Himanshi Doshi

+91 22 6114 3410

himanshi.doshi@icraindia.com

Vishal Oza

+91 22 6114 3432

vishal.oza@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Ritu Rita

+91 22 6114 3409

ritu.rita@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6169 3304

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.