

Issue Details	
Issue Opens	09-May-18
Issue Closes	11-May-18
Issue Size (Rs. Crore)	700
Face value (per equity share)	10
Price Band (Rs.)	570-572
Lot Size (No of Share)	26
No of Shares on Offer (crore)	1.22
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	21-May-18

Issue Date: 09th May – 11th May 2018

Price Band (Rs.): 570 - 572

Lot Size (No. of Share): 26

Company Background

Incorporated in 2009, Mumbai based IndoStar Capital Finance Ltd is a leading non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. The company operates four principal lines of business, namely corporate lending, SME lending, vehicle financing and housing financing. It recently expanded its portfolio to offer vehicle finance and housing finance products.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	Mar'17	Mar'16	Mar'15	Mar'14	Mar'13
Total Assets	54,854	46,923	39,917	31,608	22,071
Total Revenue	7,155	6,414	5,280	3,969	2,416
Profit After Tax	2,090	1,910	1,490	1,121	901

Concerns

- Increasing competition in vehicle and housing finance.
- Lower future growth would lead to under-utilization of fund and lower RoE.
- Higher than expected slippage from corporate book.
- Business highly sensitive to economic conditions.

Strengths

- Proven track record of delivering results.
- Well established corporate & strong SME lending business.
- High asset quality achieved through robust credit assessment and risk management framework.
- Ownership by institutional investors ensuring international corporate governance standards.

Our View

The price band of Rs 572 and EPS of Rs 28.45, P/E works out to be 20x. Last 3 years average EPS of Rs26.7, P/E works out to be 21.4x. 9 months ended Dec-2017 EPS of Rs.21.5, P/E works out to be 26.6x. Its listed peers like Piramal Enterprises is trading at highest P/E of 36x and Repco Home finance is trading at lowest P/E of 20x and industry average P/E is 28.6x. Hence issue price of Rs572 at P/E of 20x to 26.6x is reasonably priced.

The company has good valuations with good revenue and PAT, one can say it will perform well. Considering its expansion plans in vehicle financing supported by higher asset quality in corporate lending and SME which are expected to remain stable. IPO looks attractive at lower valuations as compared to its peers considering growth and better asset quality. Considering all these aspects, investors may consider investment for long term.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	91.6	59.0
Public (incl institutions and employees)	8.4	41.0
Total	100.0	100.0

Objects of the Issue

1. The Selling Shareholders will be entitled to the proceeds of the Offer for Sale of their respective portions of the Offered Shares, respectively net of their share of the Offer related expenses. The Company will not receive any proceeds from the Offer for Sale
2. The Objects of the Issue is to utilize the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.