

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2022

(Rs. in Lakhs)

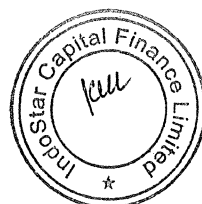
Sr. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	31 March 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations						
	Interest income	26,089	27,700	24,471	53,789	48,630	1,06,716
	Fees and commission income	1,435	1,254	1,062	2,689	2,379	4,439
	Net gain on fair value changes	706	515	698	1,221	1,698	2,403
	Net gain on derecognition of financial instruments measured at amortised cost category	1,178	1,913	1,761	3,091	1,747	2,711
	Total revenue from operations	29,408	31,382	27,992	60,790	54,454	1,16,269
	(b) Other income	43	39	21	82	71	1,160
	Total income (a+b)	29,451	31,421	28,013	60,872	54,525	1,17,429
2	Expenses						
	(a) Finance costs	14,637	14,806	13,699	29,443	27,567	53,954
	(b) Impairment on financial instruments	(2,016)	(233)	(283)	(2,249)	7,947	1,15,847
	(c) Employee benefits expenses	5,809	5,484	5,331	11,293	10,234	20,504
	(d) Depreciation and amortisation expense	1,024	991	866	2,015	1,663	3,538
	(e) Other expenses	4,368	3,730	3,094	8,098	6,733	13,222
	Total expenses (a+b+c+d+e)	23,822	24,778	22,707	48,600	54,144	2,07,065
3	Profit/(loss) before tax (1-2)	5,629	6,643	5,306	12,272	381	(89,636)
4	Tax expenses						
	Current tax	139	398	429	537	663	1,326
	Tax of earlier years	-	-	-	-	-	2
	Deferred tax	330	152	933	482	(544)	(17,313)
	Total tax expenses	469	550	1,362	1,019	119	(15,985)
5	Profit/(loss) after tax (3-4)	5,160	6,093	3,944	11,253	262	(73,651)
6	Other comprehensive income, net of tax						
	(a) Items that will not be reclassified to profit or loss						
	- Remeasurements of the defined benefit plans	39	33	(15)	72	(3)	48
	(b) Items that will be reclassified to profit or loss						
	- Debt instruments through other comprehensive income	-	-	77	-	77	5
	Total other comprehensive income, net of tax (a+b)	39	33	62	72	74	53
7	Total comprehensive income (5+6)	5,199	6,126	4,006	11,325	336	(73,598)
8	Paid up equity share capital (Face value of Rs. 10)	13,608	13,608	12,401	13,608	12,401	13,608
9	Preference share capital (Face value of Rs. 10)	-	-	1,207	-	1,207	-
10	Other equity						2,79,300
11	Earnings per share (* not annualised)						
	Basic (Rs.)	*3.77	*4.50	*2.39	*8.27	*(1.36)	(59.51)
	Diluted (Rs.)	*3.77	*4.50	*2.39	*8.27	*(1.36)	(59.51)

Notes

1 Statement of Assets and Liabilities:

(Rs. in Lakhs)

Particulars	As at	As at
	30 September 2022	31 March 2022
	(Unaudited)	(Audited)
I. ASSETS		
Financial assets		
Cash and cash equivalents	34,558	8,027
Bank balances other than cash and cash equivalents	30,168	40,938
Loans	6,40,628	7,70,694
Investments	74,555	54,767
Other financial assets	36,500	10,098
Non-financial assets		
Current tax assets (net)	8,885	6,896
Deferred tax assets (net)	31,669	31,669
Property, plant and equipment	6,080	7,272
Assets Held for sale	1,300	1,300
Goodwill	30,019	30,019
Intangible assets	1,293	1,312
Other non-financial assets	3,844	3,155
TOTAL ASSETS	8,99,499	9,66,147



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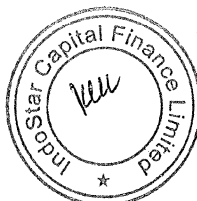
(Rs. in Lakhs)

Particulars	As at	
	30 September 2022	31 March 2022
	(Unaudited)	(Audited)
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Trade payables		30
(i) total outstanding to micro enterprises and small enterprises		241
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	757	
Debt securities	52,737	1,97,794
Borrowings (other than debt securities)	5,07,663	4,24,550
Other financial liabilities	31,578	49,135
Non-financial liabilities		
Current tax liabilities (net)	1	1
Provisions	644	702
Deferred tax liabilities (net)	564	81
Other non-financial liabilities	529	705
Equity		
Equity share capital	13,608	13,608
Preference share capital	-	-
Other equity	2,91,418	2,79,300
TOTAL LIABILITIES AND EQUITY	8,99,499	9,66,147

2 Statement of Cash Flows:

(Rs. in Lakhs)

Particulars	For the period ended	For the period ended
	30 September 2022	30 September 2021
	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities		
Profit before tax	12,272	381
Adjustments for:		
Interest income on financial assets	(53,789)	(48,630)
Finance costs	29,443	27,567
Depreciation and amortisation expense	2,015	1,663
Loss on sale of property plant and equipment	17	-
Impairment on financial instruments	(2,249)	7,947
Provision for employee benefits	148	122
Employee share based payment expense	792	979
Net gain on fair value changes	(1,221)	(1,698)
Gain on derecognition of financial instruments measured at amortised cost category	(3,091)	(1,747)
	(15,663)	(13,416)
Interest income realised on financial assets	60,552	49,773
Finance costs paid	(34,949)	(34,580)
Cash generated from operating activities before working capital changes	9,940	1,777
Adjustments:		
(Increase)/Decrease in loans and advances	1,19,669	(40,147)
(Increase)/Decrease in other financial assets	(23,520)	6,160
(Increase)/Decrease in other non-financial assets	(689)	(713)
Increase/(Decrease) in trade payable	485	(237)
Increase/(Decrease) in other financial liabilities	(13,948)	3,760
Increase/(Decrease) in other non-financial liabilities	(175)	(332)
Cash (used in)/generated from operating activities	91,762	(29,732)
Taxes paid (net)	(2,526)	(2,232)
Net cash (used in)/generated from operating activities (A)	89,236	(31,964)
Cash flows from investing activities		
Purchase of property, plant and equipment	(275)	(738)
Purchase of intangible assets	4	-
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(346)	(422)
(Acquisition)/redemption of investments measured at FVTPL (net)	10,771	(4,345)
(Acquisition)/redemption of investments measured at FVOCI (net)	(15,203)	51,119
(Acquisition)/redemption of investments measured at amortised cost (net)	-	(1,279)
Net cash (used in)/generated from investing activities (B)	2,347	18,566
Cash Flow from Financing Activities		
Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	(2,702)	62,901
Proceeds from bank borrowings	-	540
Repayments towards bank borrowings	2,02,198	60,600
Proceeds from issuance of Non-Convertible Debentures	(1,18,934)	(1,03,345)
Repayments towards Non-Convertible Debentures	-	69,590
Proceeds from Commercial Papers	(1,17,000)	(44,080)
Repayment of Commercial Papers	35,000	10,000
Payment of lease liabilities	(60,500)	(12,963)
Dividend paid on CCPS	(767)	(1,401)
Net cash (used in)/generated from financing activities (C)	(60,003)	(24,948)
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	26,531	5,989



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2022

Particulars	(Rs. in Lakhs)	
	For the period ended	For the year ended
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Cash and Cash Equivalents at the beginning of the period	8,027	27,918
Cash and Cash Equivalents at the end of the period	34,558	33,907
Reconciliation of cash and cash equivalents		
Cash on hand	300	481
Balances with banks		
- in current accounts	21,743	30,923
Deposits with original maturity of less than 3 months	12,515	2,503
Total	34,558	33,907

3 Segment wise revenue, result, total assets and total liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

Sr. no.	Particulars	Quarter ended			Half Year ended		(Rs. in Lakhs)
		30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	Year ended
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	31 March 2022 (Audited)
	Gross segment revenue from continuing operations						
(a)	Large corporate	4,609	4,392	7,927	9,001	13,796	27,440
(b)	SME	3,874	5,885	4,657	9,760	9,166	17,978
(c)	Commercial vehicles	14,197	14,668	11,186	28,865	22,954	52,080
(d)	Housing finance	5,714	5,555	2,927	11,269	5,907	14,482
(e)	Unallocated	1,057	921	1,316	1,977	2,702	5,449
	Segment revenue from continuing operations	29,451	31,421	28,013	60,872	54,525	1,17,429
	Segment results						
(a)	Large corporate	279	3,698	8,885	3,977	11,118	19,308
(b)	SME	214	3,552	3,678	3,766	2,354	(3,627)
(c)	Commercial vehicles	6,688	979	(3,786)	7,668	(5,501)	(96,586)
(d)	Housing finance	1,811	2,148	1,075	3,960	1,681	4,609
(e)	Unallocated	(3,363)	(3,734)	(4,546)	(7,099)	(9,271)	(13,340)
	Profit/(loss) before tax	5,629	6,643	5,306	12,272	381	(89,636)
	Segment assets						
(a)	Large corporate	1,15,965	1,18,300	1,64,653	1,15,965	1,64,653	1,43,631
(b)	SME	1,23,148	1,33,086	1,50,789	1,23,148	1,50,789	1,47,259
(c)	Commercial vehicles	3,71,142	3,85,851	3,84,866	3,71,142	3,84,866	4,18,207
(d)	Housing finance	1,31,509	1,36,406	1,02,805	1,31,509	1,02,805	1,29,449
(e)	Unallocated	1,57,735	1,58,390	1,78,372	1,57,735	1,78,372	1,27,601
	Total assets	8,99,499	9,32,033	9,81,485	8,99,499	9,81,485	9,66,147
	Segment liabilities						
(a)	Large corporate	64,810	72,181	1,00,189	64,810	1,00,189	90,027
(b)	SME	78,701	91,753	99,949	78,701	99,949	1,05,897
(c)	Commercial vehicles	2,80,924	2,80,661	2,55,783	2,80,924	2,55,783	2,92,185
(d)	Housing finance	78,638	85,130	55,343	78,638	55,343	79,807
(e)	Unallocated	91,400	1,02,797	1,02,429	91,400	1,02,429	1,05,323
	Total liabilities	5,94,473	6,32,522	6,13,693	5,94,473	6,13,693	6,73,239

4 The Group reports quarterly financial results on consolidated basis, pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI circular dated 5 July 2016. The standalone financial results are available on the website of the Company at www.indostarcapital.com and on the website of the BSE Ltd. at www.bseindia.com and the National Stock Exchange of India Ltd. at www.nseindia.com.

The key information of the standalone financial results of the Company are given below:

Particulars	Quarter ended			Half year ended		(Rs. in Lakhs)
	30 September 2022	30 June 2022	30 September 2021	30 September 2022	30 September 2021	Year ended
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	31 March 2022 (Audited)
Revenue from operations (including other income)	23,735	25,864	25,526	49,599	50,084	1,05,355
Profit/(loss) before tax	3,817	4,492	4,326	8,309	(1,218)	(94,085)
Profit/(loss) after tax	3,817	4,492	3,237	8,309	(912)	(76,919)
Total Comprehensive income	3,854	4,523	3,302	8,377	(836)	(76,872)

5 The unaudited consolidated financial results of IndoStar Capital Finance Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter and half year ended 30 September 2022 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 8 November 2022. The unaudited consolidated financial results have been subjected to limited review by the Statutory Auditor of the Company.

6 The Secured Listed Non-Convertible Debentures of the Company as on 30 September 2022 are secured by first pari-passu charge on a freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total asset cover required for secured listed non convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.

7 Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company for the year ended 31 March 2022, the Audit Committee of the Company had approved the appointment of an independent external agency for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of the commercial vehicle (CV) loan portfolio and small and medium enterprises (SME) loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

- Review existence of the borrowers of the CV and SME loans;
- Assess the quality and risks pertaining to the loan portfolio for CV and SME loans;
- Review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans; and upon completion of (a), (b) and (c), the Audit Committee has also additionally initiated a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/control override and individuals involved) and has appointed an external law firm along with an external agency in this regard ("Conduct Review")

The Conduct Review was expected to be completed by September 2022, however the same is currently ongoing and is now expected to be completed by December 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.



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STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2022

- 8 During the period ended 30 September, 2022 and till the adoption of these financial results, the Company has raised incremental financing of Rs. 139,500 lakhs from Banks and Financial Institutions on the basis of strong global banking relationships of the promoters of the Company and Rs. 87,698 lakhs through securitisation. As at 30 September 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating Rs. 32,545 lakhs, liquid investments aggregating Rs. 44,520 lakhs and has pool of loan assets eligible for securitisation. As at the date of adoption of these financial results, none of the lenders have recalled their borrowings.
Further, the Company has continued to service all its contractual debt obligations on time, in the same manner, as it has previously serviced. Pursuant to infusion of long-term financing and available liquidity / facilities with the Company, the Management has concluded that the previously reported material uncertainty on the Company's ability to continue as a going concern no longer exists.
Accordingly, the Management considers it appropriate to prepare these financial results on a going concern basis.
- 9 The Group has concluded that it is impracticable to determine the prior period – specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the financial year ended 31 March 2022 in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022 and the Group believes it is not practicable to apply the same judgement without hindsight for the prior period(s).
- 10 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

Place: Mumbai
Date: 8 November 2022



For and on behalf of the Board of Directors of
IndoStar Capital Finance Limited

Deep Jaggi
Deep Jaggi
Chief Executive Officer
DIN: 09412860



INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INDOSTAR CAPITAL FINANCE LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **INDOSTAR CAPITAL FINANCE LIMITED** (the "Parent" / the "Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and half year ended 30 September, 2022 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
 - a. IndoStar Capital Finance Limited – Parent
 - b. IndoStar Home Finance Private Limited – Subsidiary
 - c. IndoStar Asset Advisory Private Limited - Subsidiary
5. As at 30 September, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans of the Parent are ₹319,843 lakhs and ₹126,071 lakhs, respectively out of total gross loans of ₹577,149 lakhs. The impairment allowance of ₹54,977 lakhs as at 30 September, 2022 includes impairment allowance of ₹32,645 lakhs and ₹7,872 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹51,004 lakhs and ₹24,577 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,647 lakhs as at 30 September, 2022. The Parent has recorded a reversal of impairment allowance (net of recoveries) of ₹2,516 lakhs for the half year ended 30 September, 2022



(includes ₹7,947 lakhs reversal for CV loans (net off loan assets written off), ₹632 lakhs reversal for SME loans, ₹6,630 lakhs charge for investment in Security Receipts and ₹346 lakhs reversal for changes in fair value of financial guarantee contracts).

As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Parent, appointed an external agency to:

- (a) review existence of the borrowers for the CV and SME loans;
- (b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;
- (c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

Further, the Audit Committee of the Parent has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

As per information and explanations provided to us and as described in Note 7 to the Statement, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Parent. Further, the Parent has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the quarter and half year ended 30 September, 2021 and year ended 31 March, 2022 in respect of account balances identified above and explained by the Parent in Note 9 to the Statement. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the quarter and half year ended 30 September, 2021 and year ended 31 March, 2022 and (ii) any additional adjustments to the quarter and half year ended 30 September, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

- i) the impairment allowance and therefore the carrying value of CV and SME loans;
- ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;
- iii) the fair value of financial guarantee contracts relating to CV portfolio;
- iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

This matter was also qualified in our report on the consolidated financial results for the quarter and year ended 31 March, 2022 and quarter ended 30 June, 2022.

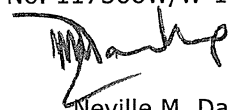
6. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 7 below, except for the possible effects of the matter described in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, has not been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



7. We did not review the financial information of one subsidiary included in the consolidated unaudited financial results, whose financial information reflect total assets of Rs. ₹131,508 lakhs as at 30 September 2022, total revenue from operations of ₹5,685 lakhs and ₹11,220 lakhs for the quarter and half year ended 30 September 2022, respectively, total net profit after tax of ₹1,343 lakhs and ₹2,942 lakhs for the quarter and half year ended 30 September 2022, respectively and total comprehensive income of ₹1,346 lakhs and ₹2,946 lakhs for the quarter and half year ended 30 September 2022, respectively and net cash inflows of ₹1,163 lakhs for the half year ended 30 September 2022 as considered in the Statement. This financial information has been reviewed by other auditor whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784BCMZKC3164)

Place: Mumbai
Date: November 8, 2022

