

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL CONSOLIDATED FINANCIAL RESULTS AND REVIEW OF QUARTERLY FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
INDOSTAR CAPITAL FINANCE LIMITED**

Qualified Opinion and Conclusion

We have (a) audited the Consolidated Financial Results for the year ended 31 March, 2022 and (b) reviewed the Consolidated Financial Results for the quarter ended 31 March, 2022 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Consolidated Financial Results for the quarter and year ended 31 March 2022" of **INDOSTAR CAPITAL FINANCE LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and year ended 31 March, 2022, ("the Statement") being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

(a) Qualified Opinion on Annual Consolidated Financial Results

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audit reports of the subsidiaries referred to in Other Matters section below, and except for the possible effects of the matter described in Basis for Qualified Opinion/Conclusion section below the Consolidated Financial Results for the year ended 31 March, 2022:

- (i) 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;
- (ii) is presented in accordance with the requirements of Regulation 33, Regulation 52 and Regulation 54 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- (iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and consolidated total comprehensive loss and other financial information of the Group for the year ended 31 March, 2022.

(b) Qualified Conclusion on Unaudited Consolidated Financial Results for the quarter ended 31 March, 2022

With respect to the Consolidated Financial Results for the quarter ended 31 March, 2022, based on our review conducted and procedures performed as stated in paragraph (b) of Auditor's Responsibilities section below and based on the consideration of the review reports of the other auditors referred to in Other Matters section below, and except for the possible effects of the matter described in Basis for Qualified Opinion/Conclusion section below, nothing has come to our attention that causes us to believe that the Consolidated Financial Results for the quarter ended 31 March, 2022, has not been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 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.



Basis for Qualified Opinion/ Conclusion

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans of the Parent are ₹448,399 lakhs and ₹153,484 lakhs respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.

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 at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Parent in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Group in Note 11 of the Statement. As a result, we are unable to determine whether any adjustments are required for prior period(s) relating to the impairment recorded for the quarter and year ended 31 March, 2022 and whether any additional adjustments 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;
- v) presentation and disclosures in the Statement arising due to consequential impact arising from i) to iv) above.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities section below. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results for the year ended 31 March, 2022 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below is sufficient and appropriate to provide a basis for our qualified audit opinion.



Material uncertainty related to Going Concern

As discussed in Note 12 of the Statement, the total liabilities of the Parent exceed the total assets maturing within 12 months by ₹220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 12 of the Statement, indicate that a material uncertainty exists that may cast significant doubt on the Parent's ability to continue as a going concern. The consolidated financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the Statement is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 9 to the Statement which describes the effect of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.

Our report is not modified in respect of this matter.

Management's Responsibilities for the Statement

This Statement, which includes the Consolidated Financial Results is the responsibility of the Parent's Board of Directors and has been approved by them for the issuance. The Consolidated Financial Results for the year ended 31 March, 2022, has been compiled from the related audited consolidated financial statements. This responsibility includes the preparation and presentation of the Consolidated Financial Results for the quarter and year ended 31 March, 2022 that give a true and fair view of the consolidated net loss and consolidated other comprehensive loss and other financial information of the Group in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of this Consolidated Financial Results by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Results, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities

(a) Audit of the Consolidated Financial Results for the year ended 31 March, 2022

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Results for the year ended 31 March, 2022 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted



Deloitte Haskins & Sells LLP

in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Consolidated Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Consolidated Financial Results, including the disclosures, and whether the Annual Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations to the extent applicable.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results/ Financial Information of the entities within the Group to express an opinion on the Annual Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Annual Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Annual Consolidated Financial Results, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Annual Consolidated Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Annual Consolidated Financial Results.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



(b) Review of the Consolidated Financial Results for the quarter ended 31 March, 2022

We conducted our review of the Consolidated Financial Results for the quarter ended 31 March, 2022 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 ICAI. A review of interim financial information consists of making inquiries, primarily of the Company'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 SAs specified under section 143(10) of the Act 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.

The Statement includes the results of the entities as listed under paragraph (a)(i) of Qualified Opinion and Conclusion section above.

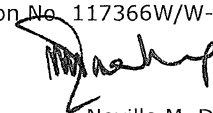
We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Other Matters

- The Statement includes the results for the quarter ended 31 March, 2022 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report is not modified in respect of this matter.
- We did not audit the financial statements of one subsidiary included in the consolidated financial results, whose financial statements reflect total assets of ₹129,708 lakhs as at 31 March, 2022 and total Revenue from Operations of ₹5,284 lakhs and ₹14,461 lakhs for the quarter and year ended 31 March, 2022 respectively, total net profit after tax of ₹1,409 lakhs and ₹3,431 lakhs for the quarter and year ended 31 March, 2022 respectively and total comprehensive income of ₹1,415 lakhs and ₹3,437 lakhs for the quarter and year ended 31 March, 2022 respectively and net cash outflows of ₹173 lakhs for the year ended 31 March, 2022, as considered in the Statement. These financial statements have been audited, as applicable, by other auditor whose reports have been furnished to us by the Management and our opinion and 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 auditors and the procedures performed by us as stated under Auditor's Responsibilities section above.

Our report on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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



Neville M. Daruwalla
Partner
(Membership No.118784)
(UDIN: 22118784AOKCMH6746)

Place: Mumbai
Date: August 5, 2022

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2022

(Rs. in Lakhs)

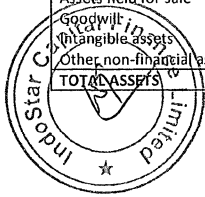
Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2022	31 December 2021	31 March 2021	31 March 2022	31 March 2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	Income					
	(a) Revenue from operations					
	Interest income	31,961	26,125	26,209	1,06,716	1,17,388
	Fees and commission income	532	1,528	612	4,439	3,266
	Net gain on fair value changes	192	513	1,599	2,403	4,895
	Gain on derecognition of financial instruments measured at amortised cost category (net)	1,377	(413)	(605)	2,711	2,430
	Total revenue from operations	34,062	27,753	27,815	1,16,269	1,27,979
	(b) Other income	34	1,055	94	1,160	737
	Total income (a+b)	34,096	28,808	27,909	1,17,429	1,28,716
2	Expenses					
	(a) Finance costs	13,885	12,502	15,907	53,954	70,861
	(b) Impairment on financial instruments	1,03,634	4,266	38,377	1,15,847	46,198
	(c) Employee benefits expenses	4,272	5,998	3,796	20,504	17,371
	(d) Depreciation and amortisation expense	956	919	837	3,538	3,350
	(e) Other expenses	3,321	3,168	3,543	13,222	12,825
	Total expenses (a+b+c+d+e)	1,26,068	26,853	62,460	2,07,065	1,50,605
3	Profit/(loss) before tax (1-2)	(91,972)	1,955	(34,551)	(89,636)	(21,889)
4	Provision for taxation					
	Current tax	280	383	261	1,326	380
	Tax of earlier years	2	-	457	2	457
	Deferred tax	(16,888)	119	(3,563)	(17,313)	(1,316)
	Tax expenses	(16,606)	502	(2,845)	(15,985)	(479)
5	Profit/(loss) after tax (3-4)	(75,366)	1,453	(31,706)	(73,651)	(21,410)
6	Other comprehensive income, net of tax					
	(a) Items that will not be reclassified to profit or loss					
	- Remeasurements of the defined benefit plans	29	39	35	64	11
	- Income tax relating to items that will not be reclassified to profit or loss	(7)	(10)	(8)	(16)	(2)
	Subtotal (a)	22	29	27	48	9
	(b) Items that will be reclassified to profit or loss					
	- Debt instruments through other comprehensive income	28	(124)	(7)	7	(7)
	- Income tax relating to items that will be reclassified to profit or loss	(7)	31	2	(2)	2
	Subtotal (b)	21	(93)	(5)	5	(5)
	Total other comprehensive income, net of tax (a+b)	43	(64)	22	53	4
7	Total comprehensive Income (5+6)	(75,323)	1,389	(31,684)	(73,598)	(21,406)
8	Paid up equity share capital (Face value of Rs. 10)	13,608	13,608	12,373	13,608	12,373
9	Preference share capital (Face value of Rs. 10) (refer note 8)	-	-	1,207	-	1,207
10	Other equity				2,79,300	3,56,245
11	Earnings per share (* not annualised)					
	Basic (Rs.)	*(55.38)	*0.66	*(26.42)	(59.51)	(20.83)
	Diluted (Rs.)	*(55.38)	*0.66	*(26.42)	(59.51)	(20.83)

Notes

1 Statement of Assets and Liabilities:

(Rs. in Lakhs)

Particulars	As at	
	31 March 2022	31 March 2021
	(Audited)	(Audited)
I. ASSETS		
Financial assets		
Cash and cash equivalents	8,027	27,918
Bank balances other than cash and cash equivalents	40,938	24,097
Loans	7,70,694	7,13,934
Investments	54,767	1,59,136
Other financial assets	10,098	14,376
Non-financial assets		
Current tax assets (net)	6,896	12,054
Deferred tax assets (net)	31,669	14,519
Property, plant and equipment	7,272	6,093
Assets held for sale	1,300	2,087
Goodwill	30,019	30,019
Intangible assets	1,312	452
Other non-financial assets	3,155	3,698
TOTAL ASSETS	9,66,147	10,08,383



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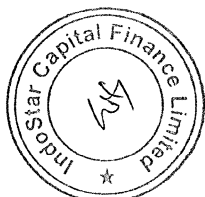
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com

(Rs. in Lakhs)

Particulars	As at	
	31 March 2022	31 March 2021
	(Audited)	(Audited)
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Trade payables		
(i) total outstanding to micro enterprises and small enterprises	30	8
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	241	386
Debt securities	1,97,794	2,01,276
Borrowings (other than debt securities)	4,24,550	3,99,483
Other financial liabilities	49,135	35,720
Non-financial liabilities		
Current tax liabilities (net)	1	-
Provisions	702	758
Deferred tax liabilities (net)	81	226
Other non-financial liabilities	705	701
Equity		
Equity share capital	13,608	12,373
Preference share capital	-	1,207
Other equity	2,79,300	3,56,245
TOTAL LIABILITIES AND EQUITY	9,66,147	10,08,383

2 Statement of Cash Flows:

Particulars	(Rs. in Lakhs)	
	For the year ended 31 March 2022	For the year ended 31 March 2021
	(Audited)	(Audited)
Cash Flow from Operating Activities		
Profit/(loss) before tax	(89,636)	(21,889)
Adjustments for :		
Interest income on financial assets	(1,06,716)	(1,17,388)
Finance costs	53,954	70,861
Depreciation and amortisation expense	3,538	3,350
Loss on sale of property plant and equipment	32	623
Provisions for expected credit loss	1,15,847	46,198
Provision for asset held for sale	(118)	109
Provision for gratuity, compensated absences and employee advances	228	55
Employee share based payment expense	1,989	963
Net gain on fair value changes	(2,403)	(4,895)
Gain on derecognition of financial instruments measured at amortised cost category	(2,711)	(2,430)
	(25,996)	(24,443)
Interest income realised on financial assets	1,01,788	1,19,965
Finance costs paid	(58,753)	(66,756)
Cash generated from operating activities before working capital changes	17,039	28,766
Adjustments:		
(Increase)/Decrease in loans and advances	(1,93,619)	49,067
(Increase)/Decrease in other financial assets	4,591	20,337
(Increase)/Decrease in other non-financial assets	866	2,278
Increase/(Decrease) in trade payable	(123)	(715)
Increase/(Decrease) in other financial liabilities	11,032	6,409
Increase/(Decrease) in other non-financial liabilities	5	148
Cash (used in)/generated from operating activities	(1,60,209)	1,06,290
Taxes paid	3,830	496
Net cash (used in)/generated from operating activities (A)	(1,56,379)	1,06,786
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,278)	(682)
Sale of property, plant and equipment	15	645
Sale / (Purchase) of Assets held for Sale	595	-
Purchase of intangible assets	(1,334)	(345)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(16,842)	13,573
(Acquisition)/redemption of investments measured at FVTPL (net)	98,401	(99,783)
(Acquisition)/redemption of investments measured at FVOCI (net)	12,673	(12,640)
(Acquisition)/redemption of investments measured at amortised cost (net)	25,273	-
Net cash (used in)/generated from investing activities (B)	1,16,503	(99,232)
Cash Flow from Financing Activities		
Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	541	1,22,213
Proceeds from bank borrowings	2,13,596	1,05,599
Repayments towards bank borrowings	(1,89,105)	(2,11,692)
Proceeds from issuance of Non-Convertible Debentures	74,590	55,000
Repayments towards Non-Convertible Debentures	(1,04,580)	(78,500)
Proceeds from/(repayments towards) Commercial Papers (net)	32,212	12,312
Payment of lease liabilities	(1,420)	(1,404)
Dividend paid on Compulsorily Convertible Preference Shares	(5,849)	-
Net cash (used in)/generated from financing activities (C)	19,985	3,528
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	(19,891)	11,082



Particulars	(Rs. in Lakhs)	
	For the year ended	For the year ended
	31 March 2022	31 March 2021
	(Audited)	(Audited)
Cash and Cash Equivalents at the beginning of the year	27,918	16,836
Cash and Cash Equivalents at the end of the year	8,027	27,918
Reconciliation of cash and cash equivalents		
Cash on hand	394	461
Balances with banks		
- in current accounts	7,229	11,380
Deposits with original maturity of less than 3 months	404	16,077
Total	8,027	27,918

- 3 Segment wise revenue, results, 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	(Rs. in Lakhs)		
		Quarter ended		Year ended
		31 March 2022	31 December 2021	31 March 2021
		(Unaudited)	(Unaudited)	(Unaudited)
				(Audited)
				(Audited)
	Gross segment revenue from continuing operations			
(a)	Large corporate	8,742	4,902	5,766
(b)	SME	4,425	4,387	5,357
(c)	Commercial vehicles	15,841	13,742	12,920
(d)	Housing finance	4,384	3,735	1,935
(e)	Unallocated	704	2,042	1,931
	Segment revenue from continuing operations	34,096	28,808	27,909
	Segment results			
(a)	Large corporate	6,200	1,990	(3,447)
(b)	SME	(7,631)	1,650	(311)
(c)	Commercial vehicles	(91,500)	415	(25,813)
(d)	Housing finance	1,900	1,028	(688)
(e)	Unallocated	(941)	(3,128)	(4,292)
	Profit/(loss) before tax	(91,972)	1,955	(34,551)
	Segment assets			
(a)	Large corporate	1,43,631	1,63,899	2,07,024
(b)	SME	1,47,259	1,54,441	1,42,953
(c)	Commercial vehicles	4,18,207	4,35,684	3,64,226
(d)	Housing finance	1,29,449	1,13,919	88,811
(e)	Unallocated	1,27,601	1,03,254	2,05,369
	Total assets	9,66,147	9,71,197	10,08,383
	Segment liabilities			
(a)	Large corporate	90,027	97,170	1,25,571
(b)	SME	1,05,897	99,818	91,462
(c)	Commercial vehicles	2,92,185	2,82,527	2,51,980
(d)	Housing finance	79,807	65,600	67,280
(e)	Unallocated	1,05,323	58,239	1,02,265
	Total liabilities	6,73,239	6,03,354	6,38,558

- 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	(Rs. in Lakhs)		
	Quarter ended		Year ended
	31 March 2022	31 December 2021	31 March 2021
	(Unaudited)	(Unaudited)	(Unaudited)
			(Audited)
			(Audited)
Revenue from operations (including other income)	29,186	26,085	26,724
Profit/(loss) before tax	(93,825)	958	(33,892)
Profit/(loss) after tax	(76,725)	718	(31,173)

- 5 The consolidated financial results of IndoStar Capital Finance Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter and year ended 31 March 2022 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 5 August 2022.
- 6 The Group during the quarter and year ended 31 March 2022 has allotted NIL and 280,000 equity shares of Rs.10 each fully paid respectively, on exercise of stock options by employees, in accordance with the Group's Employee Stock Option Schemes.
- 7 The Secured Listed Non-Convertible Debentures of the Company as on 31 March 2022 are secured by first pari-passu charge on 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 listed non convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.
- 8 The Board of Directors of the Company at their meeting held on 17 June 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value Rs. 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (Rs. 290 per CCPS) amounting to Rs. 3,888.89 lakhs (dividend - Rs. 3,500.00 lakhs and withholding tax - Rs. 388.89 lakhs) for the period from 27 May 2020 to 26 May 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, 17 June 2021.

The Board of Directors of the Company vide resolution dated 26 November 2021 approved the following:

- i. Payment of dividend due to BCP V Multiple Holdings Pte. Ltd. (Holding Company) on 1,20,68,966 Compulsorily Convertible Preference Shares (CCPS), at rate of 10% p.a. calculated on the issue price of Rs. 290 per CCPS amounting to Rs. 1,960.42 lakhs (dividend - Rs. 1,764.38 lakhs and withholding tax - Rs. 196.04 lakhs), for the period 27 May 2021 to 26 November 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Friday, 26 November 2021.
- ii. Allotment of 1,20,68,966 Equity Shares of the Company to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

9 Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Group has considered internal and external sources of information upto the date of approval of these financial results. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial results, includes the potential impact of the COVID-19 pandemic on the Group's financial results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Group's assets.

The Group has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions.

10 Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company, 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 loan portfolio and SME loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

- (a) Review existence of the borrowers of 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; 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 is ongoing and is expected to be completed by September 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.

11 The Company 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 year 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 Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

12 Material uncertainty relating to Going Concern

The Company has incurred losses during the previous year and continued to incur losses during the current year as a result of impairment allowance recorded on its loan portfolio, due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 31 March 2022, the Company exceeded the threshold specified for gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios for certain borrowing arrangements. Additionally certain borrowing arrangements have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. Due to this, the total liabilities exceed the total assets maturing within twelve months by Rs. 220,604 lakhs as at 31 March 2022.

While some of the lenders have option to terminate, reduce, suspend or cancel the facility in future the Management expects that lenders, based on customary business practice, may increase the interest rates relating to these borrowing arrangements which is expected to continue till the time GNPA / NNPA ratio exceed thresholds.

The Company has an established track record of accessing diversified sources of finance. However, there can be no assurance of success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Company, and to raise these amounts in a timely manner. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's Plan to address the Going Concern uncertainty: Subsequent to the year-end and till the adoption of these financial results, the Company has raised incremental financing of Rs. 117,000 lakhs from banks and financial institutions based on support from the promoters of the Company. As at 31 March 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating Rs. 7,180 lakhs, liquid investments aggregating Rs. 29,403 lakhs and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial results, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited.

Accordingly, the Management considers it appropriate to prepare these financial statements/results on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

13 The figures for the last quarter of the current year and of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year-to-date unaudited figures upto third quarter of the respective financial years.

14 Figures for the previous periods have been regrouped and / or reclassified wherever considered necessary to conform to current period / year presentation.

Place: Mumbai
 Date: 5 August 2022



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

Deep Jaggi
 Deep Jaggi
 Chief Executive Officer
 DIN: 09412860