

**INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL STANDALONE  
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 Standalone Financial Results for the year ended March 31, 2023 and (b) reviewed the Standalone Financial Results for the quarter ended March 31, 2023 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Standalone Financial Results for the Quarter and Year Ended March 31, 2023" of **INDOSTAR CAPITAL FINANCE LIMITED** (the "Company") (the "Statement"), being submitted by the Company 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 Standalone Financial Results**

In our opinion and to the best of our information and according to the explanations given to us, and except for the possible effects on the corresponding figures of the matter described in Basis for Qualified Opinion/ Conclusion section of our report, the Standalone Financial Results for the year ended March 31, 2023:

- i. 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
- ii. 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 net profit and total comprehensive income and other financial information of the Company for the year then ended.

**(b) Qualified Conclusion on Unaudited Standalone Financial Results for the quarter ended March 31, 2023**

With respect to the Standalone Financial Results for the quarter ended March 31, 2023, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, and except for the possible effects on the corresponding figures of the matter described in Basis for Qualified Opinion/ Conclusion section of our report nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended March 31, 2023, 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, Regulation 52 and Regulation 54 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**

As explained in Note 9 to the Statement, the Company had recorded a charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the quarter and year ended March 31, 2022. The Company had concluded it was impracticable to determine the prior period-specific effects, if any, of this charge because significant judgements had been applied in determining the staging of the loan assets recorded at amortised cost and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgements without hindsight for the prior period(s).

As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the quarter and year ended March 31, 2022 and consequently, adjustments to the income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial results for the quarter and year ended March 31, 2022 was modified accordingly. Our opinion on the financial results for the quarter and year ended March 31, 2023 ("current period") is also modified because of the possible effect of this matter on the comparability of the current period's/year's figures and the corresponding figures of the previous period/year.

We conducted our audit in accordance with the Standards on Auditing ("SA"s) 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 Company 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 Standalone Financial Results for the year ended March 31, 2023 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Management's Responsibilities for the Statement**

This Statement which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended March 31, 2023 has been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended March 31, 2023 that give a true and fair view of the net profit and other comprehensive income and other financial information 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 Standalone Financial Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities**

#### **(a) Audit of the Standalone Financial Results for the year ended March 31, 2023**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended March 31, 2023 as a whole is 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 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 Standalone 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 Standalone 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 the Company's internal control.
- 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 Company 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 Statement 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Annual Standalone Financial Results, including the disclosures, and whether the Annual Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Annual Standalone Financial Results.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone 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 Standalone Financial Results.

We communicate with those charged with governance 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 Standalone Financial Results for the quarter ended March 31, 2023**

We conducted our review of the Standalone Financial Results for the quarter ended March 31, 2023 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.

↓

**Other Matters**

- The Statement includes the results for the Quarter ended March 31, 2023 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 subjected to limited review by us. Our report on the Statement is not modified in respect of this matter. Our report on the Statement is not modified in respect of this matter.

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



Sanjiv V. Pilgaonkar  
Partner  
(Membership No. 039826)  
(UDIN: 23039826BGXRZS7318)

Place: Mumbai  
Date: May 25, 2023





**INDOSTAR CAPITAL FINANCE LIMITED**

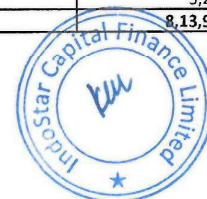
Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400093, India  
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023**
*(Rs. in Lakhs)*

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2023	31 December 2022	31 March 2022	31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1	<b>Income</b>					
	(a) Revenue from operations					
	Interest income	21,625	22,113	28,646	88,947	95,575
	Fees and commission income	1,151	1,188	88	4,707	3,847
	Net gain on fair value changes	820	582	173	2,511	2,310
	Net gain on derecognition of financial instruments measured at amortised cost category	-	(163)	251	723	2,487
	<b>Total revenue from operations</b>	<b>23,596</b>	<b>23,720</b>	<b>29,158</b>	<b>96,888</b>	<b>1,04,219</b>
	(b) Other income	388	22	28	437	1,136
	<b>Total income (a+b)</b>	<b>23,984</b>	<b>23,742</b>	<b>29,186</b>	<b>97,325</b>	<b>1,05,355</b>
2	<b>Expenses</b>					
	(a) Finance costs	13,427	12,070	12,898	51,802	51,431
	(b) Impairment on financial instruments	(123)	(1,374)	1,03,168	(4,013)	1,15,077
	(c) Employee benefits expenses (refer note 8)	(661)	4,860	3,204	13,256	17,627
	(d) Depreciation and amortisation expense	825	941	904	3,634	3,382
	(e) Other expenses	3,208	4,135	2,837	13,919	11,923
	<b>Total expenses (a+b+c+d+e)</b>	<b>16,676</b>	<b>20,632</b>	<b>1,23,011</b>	<b>78,598</b>	<b>1,99,440</b>
3	<b>Profit/(loss) before tax (1-2)</b>	<b>7,308</b>	<b>3,110</b>	<b>(93,825)</b>	<b>18,727</b>	<b>(94,085)</b>
4	<b>Tax expenses</b>					
	Current tax	-	-	-	-	-
	Deferred tax	-	-	(17,100)	-	(17,166)
	<b>Tax expenses</b>	<b>-</b>	<b>-</b>	<b>(17,100)</b>	<b>-</b>	<b>(17,166)</b>
5	<b>Profit/(loss) after tax (3-4)</b>	<b>7,308</b>	<b>3,110</b>	<b>(76,725)</b>	<b>18,727</b>	<b>(76,919)</b>
6	<b>Other comprehensive income, net of tax</b>					
	(a) Items that will not be reclassified to profit or loss					
	- Remeasurements of the defined benefit plans	4	17	17	89	42
	(b) Items that will be reclassified to profit or loss					
	- Debt instruments through other comprehensive income	(13)	1	21	(12)	5
	<b>Total other comprehensive income (a+b)</b>	<b>(9)</b>	<b>18</b>	<b>38</b>	<b>77</b>	<b>47</b>
7	<b>Total comprehensive income (5+6)</b>	<b>7,299</b>	<b>3,128</b>	<b>(76,687)</b>	<b>18,804</b>	<b>(76,872)</b>
8	<b>Paid up equity share capital (Face value of Rs. 10)</b>	<b>13,608</b>	<b>13,608</b>	<b>13,608</b>	<b>13,608</b>	<b>13,608</b>
9	<b>Other equity</b>				<b>2,88,647</b>	<b>2,74,194</b>
10	<b>Earnings per share (* not annualised)</b>					
	Basic (Rs.)	*5.37	*2.29	*(56.38)	13.76	(62.06)
	Diluted (Rs.)	*5.37	*2.29	*(56.38)	13.76	(62.06)

**Notes**
**1 Statement of Assets and Liabilities:**
*(Rs. in Lakhs)*

Particulars	As at	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
<b>I. ASSETS</b>		
<b>Financial assets</b>		
Cash and cash equivalents	16,501	7,180
Bank balances other than cash and cash equivalents	20,344	38,868
Loans	5,19,562	6,49,097
Investments	1,45,705	97,713
Other financial assets	33,419	8,957
<b>Non-financial assets</b>		
Current tax assets (net)	5,376	6,637
Deferred tax assets (net)	31,644	31,669
Property, plant and equipment	4,789	6,938
Assets acquired in satisfaction of claim	1,300	1,300
Goodwill	30,019	30,019
Intangible assets	2,035	1,104
Other non-financial assets	3,233	2,945
<b>TOTAL ASSETS</b>	<b>8,13,927</b>	<b>8,82,427</b>



**INDOSTAR CAPITAL FINANCE LIMITED**

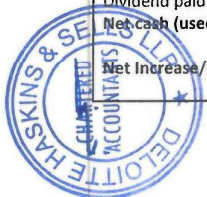
Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400093, India  
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023**
*(Rs. in Lakhs)*

Particulars	As at	
	31 March 2023	31 March 2022
	(Audited)	(Audited)
<b>II. LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial liabilities</b>		
Trade payables		
(i) total outstanding to micro enterprises and small enterprises	8	30
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	728	239
Debt securities	1,10,887	1,97,794
Borrowings (other than debt securities)	3,70,421	3,50,505
Other financial liabilities	28,210	44,874
<b>Non-financial liabilities</b>		
Provisions	466	612
Other non-financial liabilities	952	571
<b>Equity</b>		
Equity share capital	13,608	13,608
Other equity	2,88,647	2,74,194
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8,13,927</b>	<b>8,82,427</b>

**2 Statement of Cash Flows:**
*(Rs. in Lakhs)*

Particulars	For the year ended	For the year ended
	31 March 2023	31 March 2022
	(Audited)	(Audited)
<b>Cash Flow from Operating Activities</b>		
Profit/(loss) before tax	18,727	(94,085)
<b>Adjustments for :</b>		
Interest income on financial assets	(88,947)	(95,575)
Finance costs	51,802	51,431
Depreciation and amortisation expense	3,635	3,382
Loss on sale of property plant and equipment	27	32
Impairment on financial instruments	(4,013)	1,15,077
Provision for employee benefits	186	193
Employee share based payment expense	(4,375)	1,956
Net gain on fair value changes	(2,511)	(2,310)
Gain on derecognition of financial instruments measured at amortised cost category	(723)	(2,487)
	<b>(26,192)</b>	<b>(22,386)</b>
Interest income realised on financial assets	95,250	91,044
Finance costs paid	(56,293)	(56,184)
<b>Cash generated from operating activities before working capital changes</b>	<b>12,765</b>	<b>12,474</b>
<b>Adjustments:</b>		
(Increase)/Decrease in loans and advances	1,20,640	(1,37,883)
(Increase)/Decrease in other financial assets	(23,797)	3,475
(Increase)/Decrease in other non-financial assets	(289)	850
Increase/(Decrease) in trade payable	494	(159)
Increase/(Decrease) in other financial liabilities	(15,232)	6,047
Increase/(Decrease) in other non-financial liabilities	380	(37)
<b>Cash (used in)/generated from operating activities</b>	<b>94,961</b>	<b>(1,15,233)</b>
Taxes (paid) / refund	1,261	5,188
<b>Net cash (used in)/generated operating activities (A)</b>	<b>96,222</b>	<b>(1,10,045)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(462)	(2,226)
Sale of property, plant and equipment	14	11
Purchase of intangible assets	(1,621)	(1,155)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	18,524	(15,032)
(Acquisition)/redemption of investments measured at FVTPL (net)	(40,748)	1,00,108
(Acquisition)/redemption of investments measured at FVOCI (net)	(9,494)	12,673
(Acquisition)/redemption of investments measured at amortised cost (net)	10,479	25,273
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(23,308)</b>	<b>1,19,652</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	-	639
Proceeds from bank borrowings	2,80,098	1,50,626
Repayments towards bank borrowings	(2,57,878)	(1,75,553)
Proceeds from issuance of Non-Convertible Debentures	90,000	74,590
Repayments towards Non-Convertible Debentures	(1,29,000)	(1,04,580)
Proceeds from Commercial Papers	30,000	62,212
Repayments towards Commercial Papers	(75,500)	(30,000)
Payment of lease liabilities	(1,313)	(1,374)
Dividend paid on Compulsorily Convertible Preference Shares	-	(5,849)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(63,593)</b>	<b>(29,289)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>9,321</b>	<b>(19,682)</b>





**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023**

Particulars	(Rs. in Lakhs)	
	For the year ended 31 March 2023 (Audited)	For the year ended 31 March 2022 (Audited)
Cash and Cash Equivalents at the beginning of the year	7,180	26,862
Cash and Cash Equivalents at the end of the year	16,501	7,180
<b>Reconciliation of cash and cash equivalents</b>		
Cash on hand	314	390
Balances with banks		
- in current accounts	11,683	6,786
Deposits with original maturity of less than three months	4,504	4
<b>Total</b>	<b>16,501</b>	<b>7,180</b>

- 3 The audited standalone financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") for the quarter and year ended 31 March 2023 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 25 May 2023.
- 4 The Company has provided segmental information as per Ind AS 108 - Operating Segments in the consolidated financial results.
- 5 The Secured Listed Non-Convertible Debentures of the Company as on 31 March 2023 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.
- 6 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021, as amended, on "Transfer of Loan Exposures" are given below:

(a) Details of stressed loans transferred during the year ended 31 March 2023

Description	(Rs. in Lakhs)	
	To Asset Reconstruction Companies (ARC)	
	NPA	SMA
Number of accounts	4,820	3,475
Aggregate principal outstanding of loans transferred	48,195	26,141
Weighted average residual tenor of the loans transferred (in month)	31	24
Net book value of loans transferred (at the time of transfer)	23,276	13,963
Aggregate consideration	23,276	13,963
Additional consideration realized in respect of accounts transferred in earlier years	-	-

(b) Details of stressed loans acquired during the year ended 31 March 2023:

Description	(Rs. in Lakhs)	
	From lenders listed in Clause 3	
	NPA	SMA
Aggregate principal outstanding of loans acquired	-	4,589
Aggregate consideration paid	-	4,589
Weighted average residual tenor of the loans acquired (in month)	-	39

(c) Details of loans not in default that are transferred through assignment during the quarter and year ended 31 March 2023:

Description	(Rs. in Lakhs)	
	Quarter ended 31 March 2023	Year ended 31 March 2023
(i) No. of accounts	-	108
(ii) Aggregate value (net of provisions) of accounts assigned	-	9,838
(iii) Aggregate consideration	-	9,838
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-
(vi) Weighted average maturity (No. of Years)	-	13
(vi) Weighted average holding period (months)	-	13
(vii) Retention of beneficial economic interest	-	10%

(d) Details of loans not in default that are acquired during the quarter and year ended 31 March 2023:

Description	(Rs. in Lakhs)	
	Quarter ended 31 March 2023	Year ended 31 March 2023
(i) No. of accounts	2,052	2,052
(ii) Aggregate value of accounts acquired Rs. in Lakhs	5,928	5,928
(iii) Weighted average maturity (months)	50	50
(iv) Weighted average holding period (months)	NA	NA
(v) Retention of beneficial economic interest (in %)	90%	90%
(vi) Coverage of tangible security (in %)	100%	100%
(vii) Rating-wise distribution of rated loans	NA	NA





**INDOSTAR CAPITAL FINANCE LIMITED**

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400093, India  
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2023**

- 7 As indicated in the prior reporting periods, the Company engaged a leading professional services firm to assist it in undertaking a review of its loan portfolio. The final findings of this review were submitted to the Audit Committee on August 5, 2022. The Company made incremental ECL provisions based, among others, on the findings of this review in its financial results for the quarter and financial year ended March 31, 2022. (also refer note 9 to the financial results).  
The Company subsequently engaged a leading law firm, to carry out 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) focusing on the Company's commercial vehicles and SME businesses ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.  
The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Companies Act, 2013.
- 8 During the quarter ended 31st March 2023, certain employees to whom stock options issued in accordance with ESOP plan disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs. 5,054.50 lakh for the quarter ended 31 March 2023 and Rs 4,421.94 lakh for the year ended 31 March 2023.
- 9 In the financial results for the quarter and year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during this period. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 7), no incremental provisioning is considered necessary during the quarter and year ended 31 March 2023.  
Although the possibility that the control deficiencies that were identified could potentially have had an impact on the financial statements for periods ending prior to 1 April, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss on account of the following:  
(i) impairment allowance on loan assets and investment in security receipts;  
(ii) loan assets written off; and  
(iii) changes in fair value of financial guarantee contracts  
when it finalised its financial results for the quarter and year ended 31 March 2022 because significant judgements had 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. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).  
Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the quarter and year ended 31 March 2023 may not be strictly comparable with the figures for the quarter and year ended 31 March 2022.
- 10 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.
- 11 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.

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Sanjiv V. Pilgaonkar  
Partner

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



Karthikeyan Srinivasan  
Chief Executive Officer  
DIN: 10056556

Place: Mumbai  
Date: 25 May 2023

