

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: One Indiabulls Centre, Tower 2A, 20th Floor, Jupiter Mills Compound, S B Marg, Mumbai - 400013, India
Tel: +91 22 43157000 Fax: +91 22 43157010

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

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(INR in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended	
		31 March 2020	31 December 2019	31 March 2019	31 March 2020	31 March 2019
		Audited	Unaudited	Audited	Audited	Audited
1	Income					
	(a) Revenue from operations					
	Interest income	30,395	33,913	29,069	1,39,660	1,08,127
	Fees and commission income	1,343	1,613	1,623	5,155	6,196
	Net gain on fair value changes	532	942	2,241	4,733	4,175
	Gain on derecognition of financial instruments measured at amortised cost category	(357)	110	1,173	3,241	2,065
	Total revenue from operations	31,913	36,578	34,106	1,52,789	1,20,563
	(b) Other income	146	-	-	146	-
	Total income (a+b)	32,059	36,578	34,106	1,52,935	1,20,563
2	Expenses					
	(a) Finance costs	18,221	18,075	16,385	79,384	56,359
	(b) Impairment on financial instruments	57,665	11,070	(734)	82,035	1,625
	(c) Employee benefits expenses	5,020	4,373	3,823	18,870	14,942
	(d) Depreciation and amortisation expense	814	742	508	3,010	1,823
	(e) Other expenses	6,632	2,291	2,207	13,303	7,899
	Total expenses (a+b+c+d+e)	88,352	36,551	22,189	1,96,602	82,648
3	Profit before tax (1-2)	(56,293)	27	11,917	(43,667)	37,915
4	Provision for taxation					
	Current tax	(158)	(1,302)	639	36	9,269
	Deferred tax	(14,000)	1,305	3,870	(11,241)	4,567
	Tax expenses	(14,158)	3	4,509	(11,205)	13,836
5	Profit after tax (3-4)	(42,135)	24	7,408	(32,462)	24,079
6	Other comprehensive income, net of tax					
	(a) Items that will not be reclassified to profit or loss	(4)	(8)	(18)	53	(13)
	(b) Items that will be reclassified to profit or loss	-	-	-	-	-
	Total other comprehensive income, net of tax	(4)	(8)	(18)	53	(13)
7	Total comprehensive income (5+6)	(42,139)	16	7,390	(32,409)	24,066
8	Paid up equity share capital (Face value of INR 10)	9,245	9,227	9,226	9,245	9,226
9	Earnings per share (* not annualised)					
	Basic (INR)	*(45.66)	*0.02	*8.06	(35.18)	26.63
	Diluted (INR)	*(45.35)	*0.09	*7.78	(34.95)	26.07

Notes

1 Statement of Assets and Liabilities:

(INR in Lakhs)

Particulars	As at	
	31 March 2020	31 March 2019
	Audited	Audited
I. ASSETS		
Financial assets		
Cash and cash equivalents	16,835	1,08,405
Bank balances other than cash and cash equivalents	37,669	3,559
Receivables	-	53
Trade receivables	-	-
Loans	7,80,194	10,36,367
Investments	23,056	30,086
Other financial assets	33,057	5,028
Non-financial assets		
Current tax assets (net)	13,387	3,586
Deferred tax assets (net)	12,978	1,756
Property, plant and equipment	7,862	6,625
Assets Held for sale	3,874	-
Capital work-in-progress	-	-
Goodwill	30,019	30,019
Intangible assets	384	396
Other non-financial assets	4,426	4,136
TOTAL ASSETS	9,63,741	12,30,016
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Trade payables	-	-
(i) total outstanding to micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,110	1,948
Debt securities	2,08,947	3,61,871
Borrowings (other than debt securities)	4,59,030	5,44,302
Other financial liabilities	22,750	20,036
Non-financial liabilities		
Current tax liabilities (net)	-	-
Provisions	907	607
Other non-financial liabilities	2,942	623
Equity		
Equity share capital	9,245	9,226
Other equity	2,58,810	2,91,403
TOTAL LIABILITIES AND EQUITY	9,63,741	12,30,016

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2 Statement of Cash Flows:

(INR in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
	Audited	Audited
Cash Flow from Operating Activities		
Net profit before tax	(43,668)	37,915
Adjustments for :		
Interest income on financial assets	(1,39,660)	(1,08,127)
Finance costs	79,384	56,359
Dividend income	-	-
Depreciation and amortisation expense	3,010	1,823
Provisions for expected credit loss	32,296	960
Provision for gratuity and leave encashment	268	187
Employee share based payment expense	1,769	1,119
Gain on sale/revaluation of investments	(4,733)	(4,175)
Operating profit before working capital changes	(71,334)	(13,939)
Adjustments:		
(Increase)/Decrease in trade receivables	53	(53)
(Increase)/Decrease in loans and advances	2,25,230	(2,31,263)
(Increase)/Decrease in other financial assets	(24,071)	(2,077)
(Increase)/Decrease in other non-financial assets	(291)	(1,567)
Increase/(Decrease) in trade payable	(838)	1,017
Increase/(Decrease) in other financial liabilities	(2,269)	5,693
Increase/(Decrease) in provisions	(88)	(24)
Increase/(Decrease) in other non-financial liabilities	2,319	64
	1,28,711	(2,42,150)
Interest income realised on financial assets	1,39,527	1,03,192
Finance costs paid	(83,873)	(56,359)
Dividend income realised	-	-
Cash (used in)/generated from operating activities	1,84,365	(1,95,317)
Taxes paid	(9,836)	(13,757)
Net cash (used in)/generated from operating activities (A)	1,74,529	(2,09,074)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,031)	(2,157)
Purchase of Assets Held for Sale	(3,874)	-
Purchase of intangible assets	(203)	(195)
Payments for capital work in progress	-	-
Payment on account of acquisition of business	(2,00,621)	(40,851)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(34,111)	(3,556)
(Acquisition)/redemption of amortised cost investments (net)	-	19,605
(Acquisition)/redemption of FVTPL investments (net)	11,763	53,193
Net cash (used in)/generated from investing activities (B)	(2,31,077)	26,039
Cash Flow from Financing Activities		
Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	288	69,089
Proceeds from borrowings	2,27,186	2,01,718
Repayments towards borrowings	(1,12,473)	(96,042)
Repayments towards Other borrowings	-	-
Proceeds from issuance of Non-Convertible Debentures	1,818	2,44,380
Repayments towards Non-Convertible Debentures	(1,20,500)	(42,523)
Proceeds from/(repayments towards) Commercial Papers (net)	(29,117)	(96,857)
Dividend and DDT paid	(2,224)	(1,112)
Net cash (used in)/generated from financing activities (C)	(35,022)	2,78,653
Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	(91,570)	95,618
Cash and Cash Equivalents at the beginning of the year	1,08,405	12,787
Cash and Cash Equivalents at the end of the year	16,835	1,08,405
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	132	258
Balances with banks	-	-
- in current accounts	9,966	74,017
Deposits with original maturity of less than 3 months	6,737	34,129
Total	16,835	1,08,405

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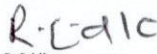
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- 3 Pursuant to the relaxation granted by the Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, the Financial Results shall not be published in newspapers. However, the same will be available on the website of the Company at <https://www.indostarcapital.com/investors-corner> and on the websites of the BSE Ltd. at www.bseindia.com and the National Stock Exchange of India Ltd. at www.nseindia.com.
- 4 From the current financial year, the Company has opted for reduced rate of 25.17% for computation of income tax as per section 115BAA of the Income Tax Act, 1961.
- 5 The Company during the quarter and year ended 31 March 2020 has allotted 1,83,500 and 1,93,500 equity shares of INR 10 each fully paid respectively, on exercise of stock options by employees, in accordance with the Company's Employee Stock Option Schemes
- 6 The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.
- 7 The Secured Listed Non-Convertible Debentures of the Company as on 31 March 2020 are secured by first pari-passu charge on a freehold land owned by the Company and first pari-passu charge by way of hypothecation, over standard present and future receivables. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Offer Documents.
- 8 The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organization, continues to spread across the globe and India and has contributed to a significant decline in economic activities and severely impacted the business and operations of the Company. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain. The Company's capital and liquidity position is strong and would continue to be the focus area during this period. In accordance with the RBI guidelines relating to COVID-19 - Regulatory Package dated March 27, 2020 and April 17, 2020, the Company has granted moratorium to all eligible customers classified as standard as on February 29, 2020. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period ie the number of days past due shall exclude the moratorium period for the purpose of asset classification. The Company's impairment loss allowance estimates and assumptions used in testing the impairment of the carrying value of goodwill, are subject to a number of management judgments and estimates and is inherently uncertain due to severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company. The Company will continue to monitor any material changes to the future economic conditions
- 9 Pursuant to share subscription agreement ("SSA") and shareholders' agreement ("SHA") executed among the Company, BCP V Multiple Holdings Pte. Ltd. ("Brookfield") and Indostar Capital on 31 January 2020 and subsequent to receipt of regulatory and shareholder approvals, the Company raised an amount of INR 1,225 crore by way of preferential allotment to Brookfield of (i) 3,01,72,414 equity shares of face value INR 10 each and (ii) 1,20,68,966 compulsorily convertible preference shares of face value INR 10 each, both at an issue price of INR 290 per share.

Execution of the SSA and the SHA had triggered an obligation on Brookfield to make an open offer to the public shareholders of the Company in terms of Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ["SEBI Takeover Regulations"] ["Open Offer"]. Brookfield along with Brookfield Business Partners L.P., person acting in concert with Brookfield, has made a cash offer of INR 290 per fully paid-up equity share of face value of INR 10 each, to acquire up to 37,195,411 equity shares representing 26% of the fully diluted equity share capital of the Company. In terms of the Letter of Offer received from Nomura Financial Advisory and Securities (India) Private Limited, manager to the Open Offer, the tendering period commenced on Tuesday, 16 June 2020 and shall remain open up to Monday, 29 June 2020.
- 10 The audited consolidated financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") for the quarter and year ended 31 March 2020 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 17 June 2020.
- 11 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
- 12 Figures for the previous periods have been regrouped and / or reclassified wherever considered necessary to conform to current period / year presentation.

Place: Mumbai
Date: 17 June 2020

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



R. Sridhar
Executive Vice-Chairman & CEO
DIN: 00136697

Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
IndoStar Capital Finance Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date consolidated financial results of IndoStar Capital Finance Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. includes the results of the following entities:
 - a. IndoStar Home Finance Private Limited
 - b. IndoStar Asset Advisory Private Limited
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net loss and other comprehensive loss and other financial information of the Group for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the Group, its associates and [joint ventures/joint operations] in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements 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 Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 8 to the Statement, relating to the financial results of the Holding Company and IndoStar Home Finance Private Limited, a subsidiary of the Holding Company, which describes the economic and social disruption as a result of COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans to customers and assumptions used in testing the impairment of the carrying value of goodwill, which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net loss and other comprehensive loss and other financial information of the Group in accordance with the applicable 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 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 of 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 Statement 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 the Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 the Group 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 also responsible for overseeing the financial reporting process of the Group.

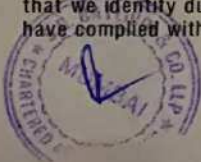
Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement 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 the Statement.

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 Statement, 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. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the Statement 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



S.R. BATLIBOI & Co. LLP

Chartered Accountants

relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

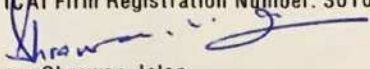
Other Matter

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per Shrawan Jalan
Partner

Membership No.: 102102

UDIN: 20102102AAAAGI3485

Place: Mumbai

Date: June 17, 2020

