

ICFL/LS/0060/2022-23

5 August 2022

**BSE Limited**

Listing Department, 1<sup>st</sup> Floor,  
P J Towers, Dalal Street, Fort,  
Mumbai - 400 001

**National Stock Exchange of India Limited**

Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400 051

**Scrip Code:** 541336

**Symbol:** INDOSTAR

**Sub: Disclosure under Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam,

As disclosed earlier, the Audit Committee, in its meeting held on 31 March 2022, had approved the appointment of an independent external agency viz. Ernst & Young LLP (“E&Y”) 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 along with assessing the adequacy of the expected credit loss allowance (“**Loan Portfolio Review**”).

In this regard, the Audit Committee in its meeting held on 6 May 2022, was informed by E&Y of certain preliminary findings of Loan Portfolio Review thus far (“**Preliminary Findings**”). Based on appropriate deliberation on the Preliminary Findings by the Audit Committee, the Company made a disclosure to the stock exchanges on 6 May 2022 (“**6 May Disclosure**”), *inter-alia* intimating that the Company may be required to make an additional estimated credit loss provisioning between INR 557 crores to INR 677 crores.

Post the 6 May Disclosure the Audit Committee of the Company was routinely updated on the progress of the Loan Portfolio Review by E&Y. Additionally, on 3 June 2022, the scope of the Loan Portfolio Review was expanded to include review with respect to the small and medium enterprise loan portfolio of the Company.

In the meeting of the Audit Committee held today viz. 5 August 2022, E&Y submitted its final findings on the Loan Portfolio Review which was appropriately deliberated and adopted by the Audit Committee. The final findings of Loan Portfolio Review, which primarily pertain to control deficiencies are the same as were disclosed in the 6 May Disclosure:

1. deviations from credit policy of the Company in approval process for loans to existing customers and waivers in foreclosure cases in case of certain loans;
2. for restructures loans the Company did not follow the steps as detailed in the control description.

NS

**IndoStar Capital Finance Limited**

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CIN : L35100MH2009PLC268160



Please also note that in this regard, E&Y assessment regarding the additional estimated credit loss as disclosed in 6 May Disclosure remains the same. Separately, the Company's assessment of provisioning for estimated credit loss is set out in the audited standalone and consolidated financial results of the Company for the quarter and financial year ended 31 March 2022 as annexed herewith at **Annexure I** [Please refer to Sr. No. 2(b)].

Further, as set out in the 6 May Disclosure, the Audit Committee has also initiated a separate review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including description of control gap/control override and individuals involved) and has appointed an external law firm along with an external agency in this regard. This review is currently ongoing. The Company is committed to ensuring that there are appropriate redressal and accountability measures undertaken.

Meanwhile, the Audit Committee has initiated corrective measures to strengthen the control deficiencies and ensure improvement in the process and control environment of the Company. The management has been tasked with identification, assessment, development of risk mitigation plans and monitoring of action plans.

Thanking you,

Yours faithfully,

For IndoStar Capital Finance Limited

  
Jitendra Bhati  
SVP – Compliance & Secretarial  
(Membership No. F8937)



Encl.: As above

**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 31 March, 2022 and (b) reviewed the Standalone Financial Results for the quarter ended 31 March, 2022 (refer 'Other Matter' 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 31 March 2022" 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 of the matters described in Basis for Qualified Opinion/ Conclusion section below, the Standalone Financial Results for the year ended 31 March, 2022:

- 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 loss and total comprehensive loss and other financial information of the Company for the year then ended.

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

With respect to the Standalone Financial Results for the quarter ended 31 March, 2022, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, and except for the possible effects of the matters described in Basis for Qualified Opinion/ Conclusion section below nothing has come to our attention that causes us to believe that the Standalone 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, 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**

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans 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 Company, 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 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 Company 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 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Note 11 of the Statement. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the quarter and year ended 31 March, 2022 and (ii) whether any additional adjustments to the quarter and year ended March 31, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

- i) the impairment allowance and therefore the carrying value of CV and SME loans;
- ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;
- iii) the fair value of financial guarantee contracts relating to CV portfolio;
- iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;
- v) presentation and disclosures in the standalone financial statements 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 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 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 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 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 Company's ability to continue as a going concern. The standalone 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 Matters**

1. We draw attention to Note 9 to the Statement which describes the effects 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.
2. We draw attention to note 13 to the Statement, the Company has exceeded the Single Borrower Limit / Group Borrower limit as at the year-end resulting into concentration of credit in terms of the Reserve Bank of India (RBI) Master Direction no. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/ 03.10.119/2016-17 dated 1 September, 2016.

Our report is not modified in respect of these matters.

**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 31 March, 2022 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 31 March, 2022 that give a true and fair view of the net loss and other comprehensive loss 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 31 March, 2022**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended 31 March, 2022 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 31 March, 2022**

We conducted our review of the Standalone 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.



# Deloitte Haskins & Sells LLP

## Other Matter

- 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 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)



Neville M. Daruwalla  
Partner  
Membership No. 118784  
(UDIN: 22118784AOKBMR4178)

Place: Mumbai  
Date: August 5, 2022

INDOSTAR CAPITAL FINANCE LIMITED

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

(Rs. in Lakhs)

| Sl. 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       | <b>Income</b>  |                 |                  |                 |                 |                 |
|         | (a) Revenue from operations  |                 |                  |                 |                 |                 |
|         | Interest income  | 28,646          | 23,051           | 24,300          | 95,575          | 1,10,560        |
|         | Fees and commission income   | 88              | 1,470            | 551             | 3,847           | 3,143           |
|         | Net gain on fair value changes   | 173             | 495              | 1,585           | 2,510           | 4,803           |
|         | Gain on derecognition of financial instruments measured at amortised cost category | 251             | 32               | 274             | 2,487           | 274             |
|         | <b>Total revenue from operations</b>   | <b>29,158</b>   | <b>25,048</b>    | <b>26,710</b>   | <b>1,04,219</b> | <b>1,18,780</b> |
|         | (b) Other income   | 28              | 1,037            | 14              | 1,136           | 547             |
|         | <b>Total income (a+b)</b>  | <b>29,186</b>   | <b>26,085</b>    | <b>26,724</b>   | <b>1,05,355</b> | <b>1,19,327</b> |
| 2       | <b>Expenses</b>  |                 |                  |                 |                 |                 |
|         | (a) Finance costs  | 12,898          | 11,916           | 15,373          | 51,431          | 69,225          |
|         | (b) Impairment on financial instruments  | 1,03,168        | 4,170            | 37,698          | 1,15,077        | 45,241          |
|         | (c) Employee benefits expenses   | 3,204           | 5,300            | 3,561           | 17,627          | 15,563          |
|         | (d) Depreciation and amortisation expense  | 904             | 881              | 791             | 3,382           | 3,149           |
|         | (e) Other expenses   | 2,837           | 2,860            | 3,193           | 11,923          | 11,860          |
|         | <b>Total expenses (a+b+c+d+e)</b>  | <b>1,23,011</b> | <b>25,127</b>    | <b>60,616</b>   | <b>1,99,440</b> | <b>1,45,038</b> |
| 3       | <b>Profit/(loss) before tax (1-2)</b>  | <b>(93,825)</b> | <b>958</b>       | <b>(33,892)</b> | <b>(94,085)</b> | <b>(25,711)</b> |
| 4       | <b>Tax expenses</b>  |                 |                  |                 |                 |                 |
|         | Current tax  | -               | -                | -               | -               | -               |
|         | Tax of earlier years   | -               | -                | 457             | -               | 457             |
|         | Deferred tax   | (17,100)        | 240              | (3,176)         | (17,166)        | (2,021)         |
|         | <b>Tax expenses</b>  | <b>(17,100)</b> | <b>240</b>       | <b>(2,719)</b>  | <b>(17,166)</b> | <b>(1,564)</b>  |
| 5       | <b>Profit/(loss) after tax (3-4)</b>   | <b>(76,725)</b> | <b>718</b>       | <b>(31,173)</b> | <b>(76,919)</b> | <b>(24,147)</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                                      | 22              | 35               | 32              | 56              | 8               |
|         | - Income tax relating to items that will not be reclassified to profit or loss     | (5)             | (9)              | (8)             | (14)            | (2)             |
|         | <b>Subtotal (a)</b>  | <b>17</b>       | <b>26</b>        | <b>24</b>       | <b>42</b>       | <b>6</b>        |
|         | (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               |
|         | <b>Subtotal (b)</b>  | <b>21</b>       | <b>(93)</b>      | <b>(5)</b>      | <b>5</b>        | <b>(5)</b>      |
|         | <b>Total other comprehensive income (a+b)</b>                                      | <b>38</b>       | <b>(67)</b>      | <b>19</b>       | <b>47</b>       | <b>1</b>        |
| 7       | <b>Total comprehensive Income (5+6)</b>  | <b>(76,687)</b> | <b>651</b>       | <b>(31,154)</b> | <b>(76,872)</b> | <b>(24,146)</b> |
| 8       | <b>Paid up equity share capital (Face value of Rs. 10)</b>                         | <b>13,608</b>   | <b>13,608</b>    | <b>12,373</b>   | <b>13,608</b>   | <b>12,373</b>   |
| 9       | <b>Preference share capital (Face value of Rs. 10) (refer note 8)</b>              | <b>-</b>        | <b>-</b>         | <b>1,207</b>    | <b>-</b>        | <b>1,207</b>    |
| 10      | <b>Other equity</b>  | <b>-</b>        | <b>-</b>         | <b>-</b>        | <b>2,74,194</b> | <b>3,54,317</b> |
| 11      | <b>Earnings per share (* not annualised)</b>                                       |                 |                  |                 |                 |                 |
|         | Basic (Rs.)  | *(56.38)        | *0.08            | *(26.00)        | (62.06)         | (23.14)         |
|         | Diluted (Rs.)  | *(56.38)        | *0.08            | *(26.00)        | (62.06)         | (23.14)         |

Notes

1 Statement of Assets and Liabilities:

(Rs. in Lakhs)

| Particulars  | As at           |                 |
|--|-----------------|-----------------|
|  | 31 March 2022   | 31 March 2021   |
|  | (Audited)       | (Audited)       |
| <b>I. ASSETS</b>                                   |                 |                 |
| <b>Financial assets</b>                            |                 |                 |
| Cash and cash equivalents                          | 7,180           | 26,862          |
| Bank balances other than cash and cash equivalents | 38,868          | 23,836          |
| Loans  | 6,49,097        | 6,69,246        |
| Investments  | 97,713          | 1,78,849        |
| Other financial assets                             | 8,957           | 12,224          |
| <b>Non-financial assets</b>                        |                 |                 |
| Current tax assets (net)                           | 6,637           | 11,825          |
| Deferred tax assets (net)                          | 31,669          | 14,519          |
| Property, plant and equipment                      | 6,938           | 5,921           |
| Assets held for sale                               | 1,300           | 1,609           |
| Goodwill   | 30,019          | 30,019          |
| Intangible assets                                  | 1,104           | 348             |
| Other non-financial assets                         | 2,945           | 3,472           |
| <b>TOTAL ASSETS</b>                                | <b>8,82,427</b> | <b>9,78,730</b> |





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

| Particulars   | (Rs. in Lakhs)             |                            |
|---|----------------------------|----------------------------|
|   | As at                      |                            |
|   | 31 March 2022<br>(Audited) | 31 March 2021<br>(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                            | 30                         | 8                          |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 239                        | 420                        |
| Debt securities   | 1,97,794                   | 2,01,276                   |
| Borrowings (other than debt securities)   | 3,50,505                   | 3,74,791                   |
| Other financial liabilities   | 44,874                     | 33,032                     |
| <b>Non-financial liabilities</b>  |                            |                            |
| Provisions  | 612                        | 698                        |
| Other non-financial liabilities   | 571                        | 608                        |
| <b>Equity</b>   |                            |                            |
| Equity share capital  | 13,608                     | 12,373                     |
| Preference share capital  | -                          | 1,207                      |
| Other equity  | 2,74,194                   | 3,54,317                   |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>8,82,427</b>            | <b>9,78,730</b>            |

**2 Statement of Cash Flows:**

| Particulars  | (Rs. in Lakhs)                                   |  |
|--|--|--|
|  | For the year ended<br>31 March 2022<br>(Audited) | For the year ended<br>31 March 2021<br>(Audited) |
|  | <b>Cash Flow from Operating Activities</b>       |  |
| Profit/(loss) before tax   | (94,085)   | (25,711)   |
| <b>Adjustments for :</b>   |  |  |
| Interest income on financial assets  | (95,575)   | (1,10,560)                                       |
| Finance costs  | 51,431   | 69,225   |
| Depreciation and amortisation expense  | 3,382  | 3,149  |
| Loss on sale of property plant and equipment   | 32   | 614  |
| Provisions for expected credit loss  | 1,15,077   | 45,241   |
| Impairment allowance on assets held for sale   | -  | 109  |
| Provision for gratuity and leave encashment  | 193  | 50   |
| Employee share based payment expense   | 1,956  | 878  |
| Net gain on fair value changes   | (2,310)  | (4,803)  |
| Gain on derecognition of financial instruments measured at amortised cost category                   | (2,487)  | (274)  |
|  | <b>(22,386)</b>                                  | <b>(22,082)</b>                                  |
| Interest income realised on financial assets   | 91,044   | 1,13,138   |
| Finance costs paid   | (56,184)   | (65,113)   |
| <b>Cash generated from operating activities before working capital changes</b>                       | <b>12,474</b>                                    | <b>25,943</b>                                    |
| <b>Adjustments:</b>  |  |  |
| (Increase)/Decrease in loans and advances  | (1,37,883)                                       | 72,807   |
| (Increase)/Decrease in other financial assets  | 3,475  | 21,154   |
| (Increase)/Decrease in other non-financial assets  | 850  | 679  |
| Increase/(Decrease) in trade payable   | (159)  | (529)  |
| Increase/(Decrease) in other financial liabilities   | 6,047  | 5,300  |
| Increase/(Decrease) in other non-financial liabilities   | (37)   | 147  |
| <b>Cash (used in)/generated from operating activities</b>  | <b>(1,15,233)</b>                                | <b>1,25,501</b>                                  |
| Taxes paid   | 5,188  | 882  |
| <b>Net cash (used in)/generated operating activities (A)</b>   | <b>(1,10,045)</b>                                | <b>1,26,383</b>                                  |
| <b>Cash flows from Investing activities</b>  |  |  |
| Purchase of property, plant and equipment  | (2,226)  | (681)  |
| Sale of property, plant and equipment  | 11   | 645  |
| Purchase of intangible assets  | (1,155)  | (243)  |
| Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)                       | (15,032)   | 13,833   |
| (Acquisition)/redemption of investments measured at FVTPL (net)                                      | 1,00,108   | (99,460)   |
| (Acquisition)/redemption of investments measured at FVOCI (net)                                      | 12,673   | (12,640)   |
| (Acquisition)/redemption of investments measured at amortised cost (net)                             | 25,273   | -  |
| <b>Net cash (used in)/generated from investing activities (B)</b>                                    | <b>1,19,652</b>                                  | <b>(98,546)</b>                                  |
| <b>Cash Flow from Financing Activities</b>   |  |  |
| Proceeds from issue of equity shares (including securities premium and net off share issue expenses) | 639  | 1,22,213   |
| Proceeds from bank borrowings  | 1,50,626   | 82,939   |
| Repayments towards bank borrowings   | (1,75,553)                                       | (2,08,267)                                       |
| 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   | (1,374)  | (1,376)  |
| Dividend paid on Compulsorily Convertible Preference Shares  | (5,849)  | -  |
| <b>Net cash (used in)/generated from financing activities (C)</b>                                    | <b>(29,289)</b>                                  | <b>(15,679)</b>                                  |
| <b>Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>                          | <b>(19,682)</b>                                  | <b>12,158</b>                                    |



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

| Particulars   | (Rs. in Lakhs)                                   |  |
|---|--|--|
|   | For the year ended<br>31 March 2022<br>(Audited) | For the year ended<br>31 March 2021<br>(Audited) |
| Cash and Cash Equivalents at the beginning of the year    | 26,862   | 14,704   |
| Cash and Cash Equivalents at the end of the year          | <b>7,180</b>                                     | <b>26,862</b>                                    |
| <b>Reconciliation of cash and cash equivalents</b>        |  |  |
| Cash on hand  | 390  | 460  |
| Balances with banks                                       |  |  |
| - in current accounts                                     | 6,786  | 10,325   |
| Deposits with original maturity of less than three months | 4  | 16,077   |
| <b>Total</b>  | <b>7,180</b>                                     | <b>26,862</b>                                    |

- 3 The standalone financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") 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.
- 4 The Company 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 Company's Employee Stock Option Schemes.
- 5 The Company has provided segmental information as per Ind AS 108 - Operating Segments in the consolidated financial results.
- 6 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.
- 7 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021 on "Transfer of Loan Exposures" are given below:  
 (a) Details of stressed loans transferred during the year ended 31 March 2022

| Description   | (Rs. in Lakhs)                          |        |
|---|---|--------|
|   | To Asset Reconstruction Companies (ARC) |        |
|   | NPA                                     | SMA    |
| Number of accounts  | 2582                                    | 9122   |
| Aggregate principal outstanding of loans transferred                                  | 12,547                                  | 43,553 |
| Weighted average residual tenor of the loans transferred (in month)                   | 31                                      | 37     |
| Net book value of loans transferred (at the time of transfer)                         | 4,910                                   | 37,890 |
| Aggregate consideration   | 11,021                                  | 38,279 |
| Additional consideration realized in respect of accounts transferred in earlier years | -                                       | 2,196  |

In addition to above, the Company has transferred loans which were written off amounting to Rs. 11,184 Lakhs in previous years.

- (b) Details of loans acquired during the year ended 31 March 2022:

| Description  | (Rs. in Lakhs)                  |        |
|--|---------------------------------|--------|
|  | From lenders listed in Clause 3 |        |
|  | NPA                             | SMA    |
| Aggregate principal outstanding of loans acquired                | -                               | 22,953 |
| Aggregate consideration paid                                     | -                               | 22,953 |
| Weighted average residual tenor of the loans acquired (in month) | -                               | 43     |
| * Of above Rs 18,268 lakhs pertains to balance transfer.         |                                 |        |

- 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 (i.e. till the date of conversion), pursuant to the terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holder(s) 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:

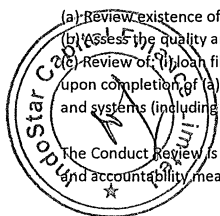
In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information upto the date of approval of these financial statements. The Company has performed stress testing on the assumptions used and based on current indicators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

The financial statements, includes the potential impact of the COVID-19 pandemic on the Company'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 Company's assets.

The Company 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 Company 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 Company 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 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 control 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 remedial and accountability measures.



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

- 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 22 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior periods).
- 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 Loans outstanding amounting to Rs. 59,410.82 lakhs given to 2 borrowers exceeds the prescribed Single Borrower (1 borrower) and Group Borrower (1 Group) limits computed on the basis of Owned Funds as at 31 March 2022. These loans were sanctioned in the preceding financial years and there was no breach of SBL/GBL at the time of sanction/disbursement.
- 14 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.
- 15 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

Place: Mumbai  
Date: 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

**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



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.

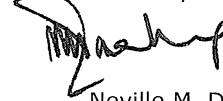
We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

**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



**INDOSTAR CAPITAL FINANCE LIMITED**

 Regd Office: One World Centre, Tower 2A, 20th Floor, Jupiter Mills Compound, S B Marg, Mumbai - 400013, India  
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CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com

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

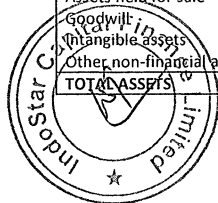
(Rs. in Lakhs)

| Sr. No. | Particulars  | Quarter ended                |                                 |                              | Year ended                 |                            |
|---------|--|------------------------------|---------------------------------|------------------------------|----------------------------|----------------------------|
|         |  | 31 March 2022<br>(Unaudited) | 31 December 2021<br>(Unaudited) | 31 March 2021<br>(Unaudited) | 31 March 2022<br>(Audited) | 31 March 2021<br>(Audited) |
| 1       | <b>Income</b>  |                              |                                 |                              |                            |                            |
|         | (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                      |
|         | <b>Total revenue from operations</b>   | <b>34,062</b>                | <b>27,753</b>                   | <b>27,815</b>                | <b>1,16,269</b>            | <b>1,27,979</b>            |
|         | (b) Other income   | 34                           | 1,055                           | 94                           | 1,160                      | 737                        |
|         | <b>Total income (a+b)</b>  | <b>34,096</b>                | <b>28,808</b>                   | <b>27,909</b>                | <b>1,17,429</b>            | <b>1,28,716</b>            |
| 2       | <b>Expenses</b>  |                              |                                 |                              |                            |                            |
|         | (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                     |
|         | <b>Total expenses (a+b+c+d+e)</b>  | <b>1,26,068</b>              | <b>26,853</b>                   | <b>62,460</b>                | <b>2,07,065</b>            | <b>1,50,605</b>            |
| 3       | <b>Profit/(loss) before tax (1-2)</b>  | <b>(91,972)</b>              | <b>1,955</b>                    | <b>(34,551)</b>              | <b>(89,636)</b>            | <b>(21,889)</b>            |
| 4       | <b>Provision for taxation</b>  |                              |                                 |                              |                            |                            |
|         | 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)                    |
|         | <b>Tax expenses</b>  | <b>(16,606)</b>              | <b>502</b>                      | <b>(2,845)</b>               | <b>(15,985)</b>            | <b>(479)</b>               |
| 5       | <b>Profit/(loss) after tax (3-4)</b>   | <b>(75,366)</b>              | <b>1,453</b>                    | <b>(31,706)</b>              | <b>(73,651)</b>            | <b>(21,410)</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  | 29                           | 39                              | 35                           | 64                         | 11                         |
|         | - Income tax relating to items that will not be reclassified to profit or loss           | (7)                          | (10)                            | (8)                          | (16)                       | (2)                        |
|         | <b>Subtotal (a)</b>  | <b>22</b>                    | <b>29</b>                       | <b>27</b>                    | <b>48</b>                  | <b>9</b>                   |
|         | (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                          |
|         | <b>Subtotal (b)</b>  | <b>21</b>                    | <b>(93)</b>                     | <b>(5)</b>                   | <b>5</b>                   | <b>(5)</b>                 |
|         | <b>Total other comprehensive income, net of tax (a+b)</b>                                | <b>43</b>                    | <b>(64)</b>                     | <b>22</b>                    | <b>53</b>                  | <b>4</b>                   |
| 7       | <b>Total comprehensive income (5+6)</b>  | <b>(75,323)</b>              | <b>1,389</b>                    | <b>(31,684)</b>              | <b>(73,598)</b>            | <b>(21,406)</b>            |
| 8       | <b>Paid up equity share capital (Face value of Rs. 10)</b>                               | <b>13,608</b>                | <b>13,608</b>                   | <b>12,373</b>                | <b>13,608</b>              | <b>12,373</b>              |
| 9       | <b>Preference share capital (Face value of Rs. 10) (refer note 8)</b>                    | -                            | -                               | <b>1,207</b>                 | -                          | <b>1,207</b>               |
| 10      | <b>Other equity</b>  |                              |                                 |                              | <b>2,79,300</b>            | <b>3,56,245</b>            |
| 11      | <b>Earnings per share (* not annualised)</b>   |                              |                                 |                              |                            |                            |
|         | 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<br>(Audited) | 31 March 2021<br>(Audited) |
| <b>I. ASSETS</b>                                   |                            |                            |
| <b>Financial assets</b>                            |                            |                            |
| 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                     |
| <b>Non-financial assets</b>                        |                            |                            |
| 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                      |
| <b>TOTAL ASSETS</b>                                | <b>9,66,147</b>            | <b>10,08,383</b>           |



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(Rs. in Lakhs)

| Particulars   | As at           |                  |
|---|-----------------|------------------|
|   | 31 March 2022   | 31 March 2021    |
|   | (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                            | 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           |
| <b>Non-financial liabilities</b>  |                 |                  |
| Current tax liabilities (net)   | 1               | -                |
| Provisions  | 702             | 758              |
| Deferred tax liabilities (net)  | 81              | 226              |
| Other non-financial liabilities   | 705             | 701              |
| <b>Equity</b>   |                 |                  |
| Equity share capital  | 13,608          | 12,373           |
| Preference share capital  | -               | 1,207            |
| Other equity  | 2,79,300        | 3,56,245         |
| <b>TOTAL LIABILITIES AND EQUITY</b>   | <b>9,66,147</b> | <b>10,08,383</b> |

**2 Statement of Cash Flows:**

(Rs. in Lakhs)

| Particulars   | For the year ended | For the year ended |
|---|--------------------|--------------------|
|   | 31 March 2022      | 31 March 2021      |
|   | (Audited)          | (Audited)          |
| <b>Cash Flow from Operating Activities</b>  |                    |                    |
| Profit/(loss) before tax  | (89,636)           | (21,889)           |
| <b>Adjustments for :</b>  |                    |                    |
| 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)            |
|   | <b>(25,996)</b>    | <b>(24,443)</b>    |
| Interest income realised on financial assets  | 1,01,788           | 1,19,965           |
| Finance costs paid  | (58,753)           | (66,756)           |
| <b>Cash generated from operating activities before working capital changes</b>                          | <b>17,039</b>      | <b>28,766</b>      |
| <b>Adjustments:</b>   |                    |                    |
| (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                |
| <b>Cash (used in)/generated from operating activities</b>   | <b>(1,60,209)</b>  | <b>1,06,290</b>    |
| Taxes paid  | 3,830              | 496                |
| <b>Net cash (used in)/generated from operating activities (A)</b>                                       | <b>(1,56,379)</b>  | <b>1,06,786</b>    |
| <b>Cash flows from investing activities</b>   |                    |                    |
| 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             | -                  |
| <b>Net cash (used in)/generated from investing activities (B)</b>                                       | <b>1,16,503</b>    | <b>(99,232)</b>    |
| <b>Cash Flow from Financing Activities</b>  |                    |                    |
| 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)            | -                  |
| <b>Net cash (used in)/generated from financing activities (C)</b>                                       | <b>19,985</b>      | <b>3,528</b>       |
| <b>Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>                             | <b>(19,891)</b>    | <b>11,082</b>      |



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| 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             |
| <b>Total</b>   | <b>8,027</b>       | <b>27,918</b>      |

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   | Quarter ended   |                  |                  | Year ended      |                  |
|---------|---|-----------------|------------------|------------------|-----------------|------------------|
|         |   | 31 March 2022   | 31 December 2021 | 31 March 2021    | 31 March 2022   | 31 March 2021    |
|         |   | (Unaudited)     | (Unaudited)      | (Unaudited)      | (Audited)       | (Audited)        |
|         | <b>Gross segment revenue from continuing operations</b> |                 |                  |                  |                 |                  |
| (a)     | Large corporate   | 8,742           | 4,902            | 5,766            | 27,440          | 34,015           |
| (b)     | SME   | 4,425           | 4,387            | 5,357            | 17,978          | 18,225           |
| (c)     | Commercial vehicles                                     | 15,841          | 13,742           | 12,920           | 52,080          | 55,565           |
| (d)     | Housing finance   | 4,384           | 3,735            | 1,935            | 14,482          | 13,407           |
| (e)     | Unallocated   | 704             | 2,042            | 1,931            | 5,449           | 7,504            |
|         | <b>Segment revenue from continuing operations</b>       | <b>34,096</b>   | <b>28,808</b>    | <b>27,909</b>    | <b>1,17,429</b> | <b>1,28,716</b>  |
|         | <b>Segment results</b>                                  |                 |                  |                  |                 |                  |
| (a)     | Large corporate   | 6,200           | 1,990            | (3,447)          | 19,308          | 4,073            |
| (b)     | SME   | (7,631)         | 1,650            | (311)            | (3,627)         | 2,594            |
| (c)     | Commercial vehicles                                     | (91,500)        | 415              | (25,813)         | (96,586)        | (15,736)         |
| (d)     | Housing finance   | 1,900           | 1,028            | (688)            | 4,609           | 3,867            |
| (e)     | Unallocated   | (941)           | (3,128)          | (4,292)          | (13,340)        | (16,687)         |
|         | <b>Profit/(loss) before tax</b>                         | <b>(91,972)</b> | <b>1,955</b>     | <b>(34,551)</b>  | <b>(89,636)</b> | <b>(21,889)</b>  |
|         | <b>Segment assets</b>                                   |                 |                  |                  |                 |                  |
| (a)     | Large corporate   | 1,43,631        | 1,63,899         | 2,07,024         | 1,43,631        | 2,07,024         |
| (b)     | SME   | 1,47,259        | 1,54,441         | 1,42,953         | 1,47,259        | 1,42,953         |
| (c)     | Commercial vehicles                                     | 4,18,207        | 4,35,684         | 3,64,226         | 4,18,207        | 3,64,226         |
| (d)     | Housing finance   | 1,29,449        | 1,13,919         | 88,811           | 1,29,449        | 88,811           |
| (e)     | Unallocated   | 1,27,601        | 1,03,254         | 2,05,369         | 1,27,601        | 2,05,369         |
|         | <b>Total assets</b>                                     | <b>9,66,147</b> | <b>9,71,197</b>  | <b>10,08,383</b> | <b>9,66,147</b> | <b>10,08,383</b> |
|         | <b>Segment liabilities</b>                              |                 |                  |                  |                 |                  |
| (a)     | Large corporate   | 90,027          | 97,170           | 1,25,571         | 90,027          | 1,25,571         |
| (b)     | SME   | 1,05,897        | 99,818           | 91,462           | 1,05,897        | 91,462           |
| (c)     | Commercial vehicles                                     | 2,92,185        | 2,82,527         | 2,51,980         | 2,92,185        | 2,51,980         |
| (d)     | Housing finance   | 79,807          | 65,600           | 67,280           | 79,807          | 67,280           |
| (e)     | Unallocated   | 1,05,323        | 58,239           | 1,02,265         | 1,05,323        | 1,02,265         |
|         | <b>Total liabilities</b>                                | <b>6,73,239</b> | <b>6,03,354</b>  | <b>6,38,558</b>  | <b>6,73,239</b> | <b>6,38,558</b>  |

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

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

| Particulars                                      | Quarter ended |                  |               | Year ended    |               |
|--|---------------|------------------|---------------|---------------|---------------|
|  | 31 March 2022 | 31 December 2021 | 31 March 2021 | 31 March 2022 | 31 March 2021 |
|  | (Unaudited)   | (Unaudited)      | (Unaudited)   | (Audited)     | (Audited)     |
| Revenue from operations (including other income) | 29,186        | 26,085           | 26,724        | 1,05,355      | 1,19,327      |
| Profit/(loss) before tax                         | (93,825)      | 958              | (33,892)      | (94,085)      | (25,711)      |
| Profit/(loss) after tax                          | (76,725)      | 718              | (31,173)      | (76,919)      | (24,147)      |

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 Payment 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.

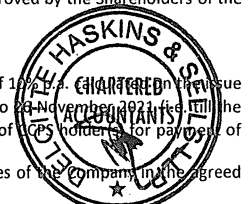
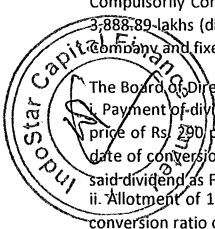
7 The Secured Listed Non-Convertible Debentures of the Company as on 31 March 2022 are secured by first pari-passu charge on freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total 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 (till the date of conversion), 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.



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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