

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

Review Report to
The Board of Directors
IndoStar Capital Finance Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of IndoStar Capital Finance Limited (the "Company") for the quarter ended June 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing 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.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 6 to the Statement, which describes the economic and social disruption as a result of COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and assumptions used in testing the impairment of the carrying value of goodwill, which are dependent on uncertain future developments. Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No.: 102102

UDIN: 20102102AAADOI4508
Place: Mumbai
Date: August 12, 2020

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2020

Sr. No.	Particulars	Quarter ended			
		30 June 2020		31 March 2020	
		Unaudited	Audited	Unaudited	Audited
				(INR in Lakhs)	
1	Income				
	(a) Revenue from operations				
	Interest income				
	Fees and commission income	29,284	29,061	37,218	1,34,993
	Net gain on fair value changes	894	1,364	711	4,814
	Gain / (loss) on derecognition of financial instruments measured at amortised cost category	551	519	1,866	4,621
	Total revenue from operations		(338)	670	2,617
	(b) Other income	30,729	30,606	40,465	1,47,045
	Total income (a+b)	30,729	30,606	40,465	1,47,045
2	Expenses				
	(a) Finance costs				
	(b) Impairment on financial instruments	17,038	18,061	22,518	78,780
	(c) Employee benefits expenses	2,303	57,322	6,061	81,547
	(d) Depreciation and amortisation expense	4,292	4,388	4,206	16,505
	(e) Other expenses	737	767	674	2,824
	Total expenses (a+b+c+d+e)	1,751	6,186	1,681	12,155
3	Profit before tax (1-2)	26,121	86,724	35,140	1,91,811
4	Provision for taxation	4,608	(56,118)	5,325	(44,766)
	Current tax				
	Deferred tax		(156)	719	2
	Tax expenses	287	(13,980)	1,144	(10,759)
5	Profit after tax (3-4)	287	(14,136)	1,863	(10,757)
6	Other comprehensive income, net of tax	4,321	(41,983)	3,462	(34,009)
	(a) Items that will not be reclassified to profit or loss				
	(b) Items that will be reclassified to profit or loss	(12)	(6)	55	47
	Total other comprehensive income, net of tax	(12)	(6)	55	47
7	Total comprehensive income (5+6)	4,309	(41,989)	3,517	(33,962)
8	Paid up equity share capital (Face value of INR 10)	12,317	9,245	9,227	9,245
9	Earnings per share (* not annualised)				
	Basic (INR)	*4.15	*(45.49)	*3.75	(36.85)
	Diluted (INR)	*3.95	*(45.18)	*3.68	(36.61)

- The Company during the quarter ended 30 June 2020 has allotted 5,47,000 equity shares of INR 10 each fully paid on exercise of stock options by employees, in accordance with the Company's Employee Stock Option Schemes.
- Pursuant to share subscription agreement ("SSA") and shareholders' agreement ("SHA") executed among the Company, BCP V Multiple Holdings Pte. Ltd. ("Brookfield") and Indostar Capital on 31 January 2020 and subsequent to receipt of regulatory and shareholder approvals, the Company raised an amount of INR 1,225 crore by way of preferential allotment to Brookfield, on 27 May 2020, of (i) 3,01,72,414 equity shares of INR 10 each fully paid-up and 1,20,68,966 compulsorily convertible preference shares of INR 10 each fully paid-up, at a premium of INR 280 per share. The proceeds from the said preferential allotment has been fully utilised for the purpose mentioned in the offer document.

Execution of the SSA and the SHA had triggered an obligation on Brookfield to make an open offer to the public shareholders of the Company in terms of Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI Takeover Regulations") ["Open Offer"]. Subsequent to the quarter ended 30 June 2020, Brookfield acquired 2,92,41,258 equity shares under the Open Offer and 50,00,000 equity shares from the Indostar Capital in terms of share purchase agreement dated 31 January 2020 entered into between Indostar Capital and Brookfield.
- The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.
- The Secured Listed Non-Convertible Debentures of the Company as on 30 June 2020 are secured by first pari-passu charge on a freehold land owned by the Company and first pari-passu charge by way of hypothecation, over standard present and future receivables. The total asset cover required thereof has been maintained as per the terms and conditions stated in the respective Offer Documents.
- The unaudited standalone financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") for the quarter ended 30 June 2020 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 12 August 2020. The unaudited standalone financial results have been subjected to limited review by the Statutory Auditor of the Company.
- The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organization, continues to spread across the globe and India and has contributed to a significant decline in economic activities and severely impacted the business and operations of the Company. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are highly uncertain. The Company's capital and liquidity position is strong and would continue to be the focus area during this period. In accordance with the RBI guidelines relating to COVID-19 - Regulatory Package dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company has granted moratorium to its customers as per its Board approved policy. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification. The Company's impairment loss allowance estimates and assumptions used in testing the impairment of the carrying value of goodwill, are subject to a number of management judgments and estimates and is inherently uncertain due to severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company. The Company will continue to monitor any material changes to the future economic conditions.
- The figures for the quarter ended 31 March 2020 are the balancing figures between audited figures in respect of full financial year and unaudited published year to date figures up to the third quarter of the respective financial year.
- Figures for the previous periods/years have been regrouped and / or reclassified wherever considered necessary to conform to current period / year presentation.

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

R. Lalle