



ICFL/LS/0072/2022-23

16 August 2022

BSE Limited
Listing Department, 1st 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.: Submission of newspaper clippings of Unaudited Consolidated Financial Results for the quarter ended 30 June 2022

Ref: Regulation 47 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**")

Dear Sir/ Madam,

Please find enclosed newspaper clippings of the Unaudited Consolidated Financial Results for the quarter ended 30 June 2022, published in The Free Press Journal (English Daily) and Navshakti (Marathi Daily) on 16 August 2022, in accordance with Regulation 47 of Listing Regulations.

Request you to kindly take the above on record and disseminate the same on your website.

Thanking you,

Yours faithfully,

For IndoStar Capital Finance Limited


Jitendra Bhati

SVP – Compliance & Secretarial
(Membership No. F8937)



Encl: a/a

N/S
IndoStar Capital Finance Limited

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CIN : L65100MH2009PLC268160

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 Website: www.indostarcapital.com E-mail: investor.relations@indostarcapital.com



EXTRACT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

(INR in Lakhs)

Sr. No.	Particulars	Quarter ended		Year ended
		30 June 2022	30 June 2021	31 March 2022
		Unaudited	Unaudited	Audited
1	Revenue from operations (including other income)	31,421	26,526	1,17,429
2	Profit / (loss) before tax	6,643	(4,925)	(89,636)
3	Profit / (loss) after tax	6,093	(3,682)	(73,651)
4	Total Comprehensive Income (comprising of Profit/(loss) after tax and other comprehensive income after tax	6,126	12,379	13,608
5	Paidup Share Capital (Face value of INR 10/- each)	13,608	12,379	13,608
6	Earning Per Share (* not annualised)			
	Basic (INR)	*4.50	*(3.76)	(59.51)
	Diluted (INR)	*4.50	*(3.76)	(59.51)

The above is an extract of detailed format of unaudited consolidated financial results for the quarter ended 30 June 2022, prepared pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI circular dated 5 July 2016. The full format of the audited standalone financial results and audited consolidated financial results are available on the website of the Company at www.indostarcapital.com and on the websites 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 unaudited standalone financial results of the Company are given below:

EXTRACT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2022

(INR in Lakhs)

Sr. No.	Particulars	Quarter ended		Year ended
		30 June 2022	30 June 2021	31 March 2022
		Unaudited	Unaudited	Audited
1	Revenue from operations (including other income)	25,864	24,560	1,05,355
2	Profit / (loss) before tax	4,492	(5,544)	(94,085)
3	Profit / (loss) after tax	4,492	(4,149)	(76,919)
4	Total comprehensive income	4,523	(4,138)	(76,872)

- a. 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.
- b. Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company for the year ended 31 March 2022, 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 (CV) loan portfolio and small and medium enterprises (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.
- c. 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 financial year ended 31 March 2022 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 Group believes it is not practicable to apply the same judgement without hindsight for the prior period(s).
- d. Material uncertainty relating to Going Concern: The Company has incurred losses during the previous years due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 30 June 2022, the Company exceeded the threshold specified for gross non-performing assets (GNPA) and/or net non-performing assets (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. 172,464 lakhs as at 30 June 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 quarter end and till the adoption of these financial results, the Company has raised incremental financing of Rs. 38,000 lakhs from banks and financial institutions on the basis of strong global relationships of the promoters of the Company. As at 30 June 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating Rs. 25,507 lakhs, liquid investments aggregating Rs. 42,364 lakhs and has pool of loan assets eligible for securitization in the event any lenders recall their facilities. 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 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.
- e. The unaudited consolidated financial results of IndoStar Capital Finance Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter ended 30 June 2022 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 14 August 2022. The unaudited consolidated financial results have been subjected to limited review by the Statutory Auditor of the Company.

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

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Place: Mumbai
Date: 14 August 2022

IndoStar Capital Finance Limited

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

Deep Jaggi

Chief Executive Officer

DIN: 09412860

Place: Mumbai

Date: 14 August 2022