ANNUAL REPORT | **2019-20**

INDOSTAR
LIFE KA TAKE-OFF

RESILIENT. RESPONSIVE. RESPONSIBLE.

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To learn more about IndoStar, please visit
www.indostarcapital.com

₹ 9,690*crore	₹ 2,680*crore	₹ 428 crore	3.5%
AUM	Net Worth	Pre-provision Profit	Net NPA
7.0%	25.3%	66,000+	AA (-)
Net Interest Margin	Capital Adequacy Ratio	Number of Customers	Credit Rating
233	₹ 3,505 crore	71:29	₹ 3,182 crore
Number of Branches	Disbursement	Retail : Corporate AUM Split	Market Capitalisation (As on June 30, 2020)

*Net of COVID-related provisions

The year under review saw us tackling the biggest challenge faced by the economy and especially Non-Bank Finance Companies – the contagion effect of the ongoing liquidity crunch. Adding to this, the outbreak of COVID-19 presented a challenge that has never been encountered before – that of surviving the brutal effects of the pandemic, while keeping the financial wheels running and reinvigorating the economy.

At IndoStar, we moved with speed, nimbleness and responsiveness to adapt quickly in a rapidly-changing and turbulent environment. Amidst a paradigm shift in the NBFC space, we raised both equity and debt capital to strengthen the Company and to manage our liquidity requirements. We made our balance sheet more robust and resilient, with the highest capital adequacy and low leverage, and readying our business for the future.

We responded to the challenges by reinforcing our priorities, recalibrating strategies and by adopting a pragmatic approach to navigate through the tough times. As we maintained a stringent focus on our retailisation strategy, we worked to improve our operational efficiencies. We made ourselves lean, without compromising on efficiency and effectiveness. We reduced overheads and trimmed costs that did not deliver sufficient value or contribute positively to our business.

We faced the situation with a single-minded aim to build a resilient business. Despite business challenges and economic volatilities, we demonstrated our focus through the core values that characterise us as a company. We believe these will continue to strengthen our foundation, as we prepare to embark on the next phase of our journey.

RESILIENT. RESPONSIVE. RESPONSIBLE.

ONE OF THE LEADING PROVIDERS OF FINANCE AND CREDIT SOLUTIONS

We are a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. We are a professionally managed and institutionally owned organisation, and one of India's leading retail NBFCs.

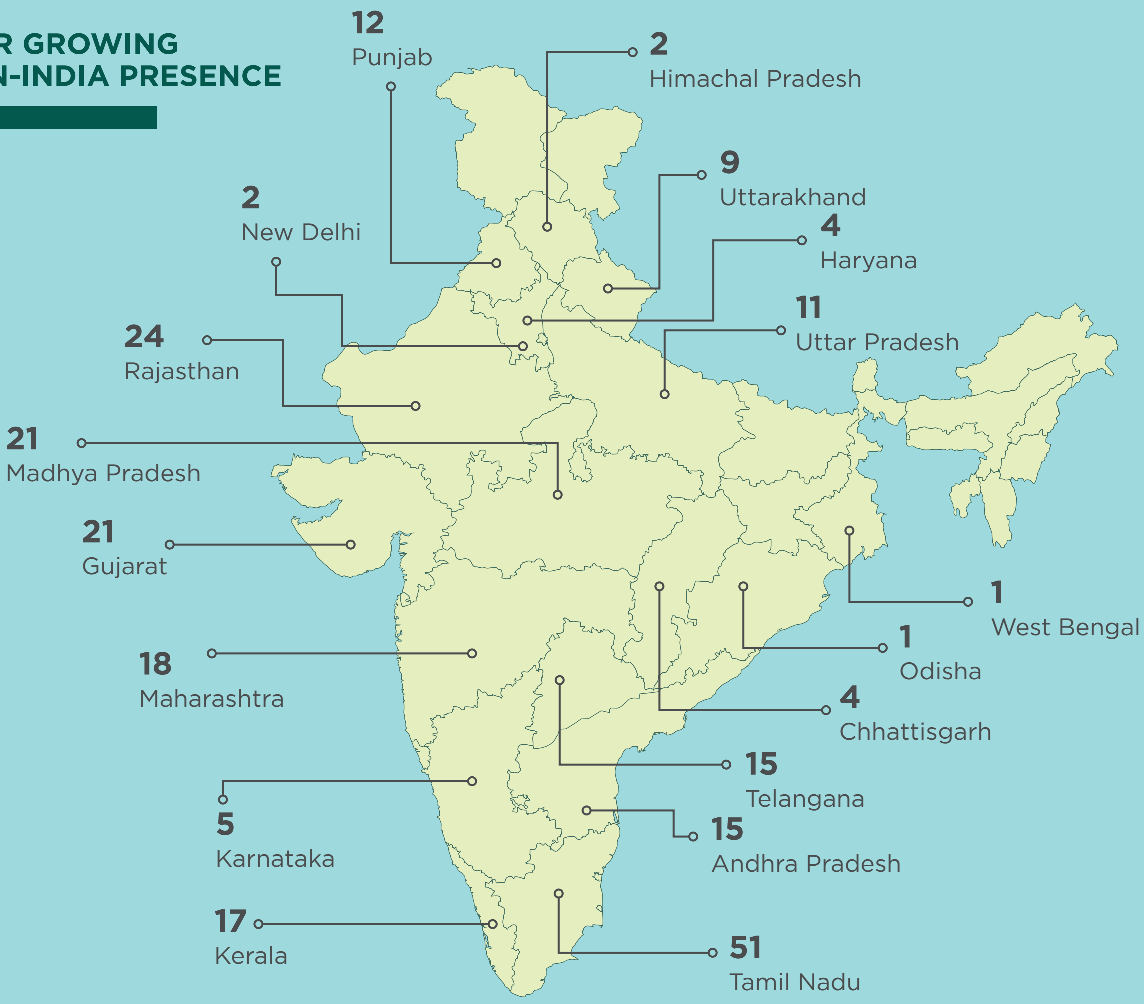
9 GLORIOUS YEARS

That's how long we have been serving our customers by being a leading provider of financing and credit solutions. With Assets Under Management of ~ ₹ 10,000 crore, we offer a wide range of loans to 66,000+ customers, delivering transformational growth in their lives.

OUR BUSINESS MODEL

We are engaged in providing used and new Commercial Vehicle financing to small & medium CV owners and loans to emerging SME businesses. We also provide affordable Home Finance to cater to the aspirations of self-employed and salaried borrowers, through our wholly-owned subsidiary IndoStar Home Finance Private Limited.

OUR GROWING PAN-INDIA PRESENCE



* Map not to scale. For illustrative purposes only.

CV Finance

Housing Finance

OUR BUSINESS SNAPSHOT

SME Finance

	Contribution to Total AUM (%)	AUM (₹ crore)	Gross Disbursement (₹ crore)	Key Objective
CV Finance	45%	4,520	1,646	Providing financing to used and new Commercial Vehicles
Housing Finance	8%	831	363	Providing affordable home financing solutions to self-employed and salaried customers
SME Finance	18%	1,748	347	Being a preferred financier to small and medium enterprises to fulfil growing aspirations
Corporate Lending	29%	2,869	1,149	Providing finance to mid-market corporates

CEO'S MESSAGE TO SHAREHOLDERS

During the year, despite a challenging liquidity scenario in the industry, we achieved good growth in disbursement and AUM, with our portfolio quality continuing to remain robust.

INDOSTAR

We offered Moratorium 1.0 to all our customers and Moratorium 2.0 to a select group of customers whose businesses continued to remain impacted due to COVID.

Dear Shareholders,

It gives me immense pleasure to share with you our Annual Report for FY 2020. In the year gone by, we Consolidated our building blocks for value creation by building an enterprise that is agile and future ready. From being a predominantly corporate lending entity, we are well on our way to transforming ourselves into a pure retail lending business.

The last couple of years have been challenging, given the tightening domestic liquidity conditions and the deteriorating economic environment. Added to this, the recent outbreak of the COVID-19 pandemic led to deepening of the challenges that the economy is facing. As we grapple with the pandemic, we are also sharpening our capabilities to seize opportunities that will unfold as the situation starts to improve, to grow our business sustainably.

Capital infusion by Brookfield

First and foremost, a major achievement of the year was the roping in of a reputed global partner Brookfield, which infused capital of ₹ 1,225 crore into IndoStar. Brookfield has so far made investments of around US$ 18 billion in India. This is its first private equity investment in India and also the first in a listed NBFC. Brookfield conducted a stringent and thorough due-diligence over many months, before making the investment, and hence, we see this as a strong endorsement of our business model.

Brookfield is a global leader in alternative asset management, reputed for acquiring high-quality businesses and applying global investing and operational expertise to create value. Our partnership with Brookfield has given us a strong liquidity war-chest enabling acceleration of our retail lending strategy.

Post-infusion, our capital adequacy increased from 25.3% to 37.7%, giving us one of the best capital adequacy positions amongst listed NBFCs today.

We are excited to partner with Brookfield in a period that is not only challenging, but is set to provide tremendous opportunities to NBFCs with a strong franchise and sound management teams.

With the Brookfield investment, and our focussed retail strategy, we are well placed to take advantage of market dislocation and capture increased market share in the retail business.

Continuing our performance

During the year, despite a challenging liquidity scenario in the industry, we achieved good growth in disbursement and AUM, with our portfolio quality continuing to remain robust. We posted a Net Revenue from Operations of ₹ 738 crore, which is a growth of 12% YoY, driven by healthy performance of our retail business environment and maintained our Net Interest Margin at 7.0%.

Our Pre-Provisioning Operating Profit stood at ₹ 428 crore, up 4% YoY, contributed by our retail business. All our retail business segments are profitable for the full year at a PPOP level. The AUM of our retail lending business is ₹ 7,099 crore, accounting for 71% of our total AUM, increased from 61% in the previous year.

We enjoy a strong liquidity position with ₹ 2,013 crore of liquidity reserves, and capital adequacy stands at 37.7%. We also secured funds during challenging lockdown and raised an additional liquidity of ₹ 4,520 million. Today, we have a comfortable ALM position across buckets. A majority of our funding has been through a combination of Banks and other financial institutions.

Future-proofing in COVID times

The COVID-induced lockdown impacted economic activities across India. In response, we protected our balance sheet by increasing our provisions to ₹ 579 crore. We offered Moratorium 1.0 to all our customers and Moratorium 2.0 to a select group of customers whose businesses continued to remain impacted due to COVID. In line with our strategy to de-risk our balance sheet, we took aggressive provisioning and accelerated write-off in some corporate lending accounts and in the retail business. We took an additional COVID-19 related credit provisioning of ₹ 280 crore to ring-fence the business from the potential stress arising out of the current business environment. Further, we devised strategies to reduce our operational expenses. Our conservative approach has made our balance sheet more resilient as we are working to strengthen and grow our retail business over the next 3-5 years.

Business Review

Our businesses of commercial vehicle finance, affordable housing finance and SME finance are spread across 233 locations across 18 States in India Our focus continues to be to grow disbursements across all these three lending segments. As each of these businesses represent a key element for the development of a growing economy, we recognise the huge and growing market potential across all retail segments we operate in.

Commercial Vehicle Finance

Under commercial vehicle financing, we disbursed ₹ 1,646 crore during the year. Our potential to scale up this segment is significant. We entered into a partnership with ICICI Bank to source & service CV loans for them. With this, our monthly disbursement rate increased from ₹ 133 crore in the previous year to ₹ 137 crore this year. The CV finance AUM stood at ₹ 4,520 crore, including IIFL's CV business. With an expanded national footprint, after having acquired IIFL's CV finance business at the beginning of the year, we reworked our strategy in view of the liquidity challenges and worked on the ICICI Bank partnership.

"We are working towards building a responsible and highly profitable business and offering better returns to stakeholders. We foresee greater opportunities to deliver continuous growth and create value for our customers, employees and investors.

We have developed a niche in financing used CVs which gives an attractive, blended yield of ~17% for this segment. Also, with the expected announcement of the scrappage policy, the used commercial vehicle financing market will have considerably larger opportunities.

Affordable Home Finance

The AUM of our Housing Finance business grew 52% during the year at ₹ 831 crore. Disbursements during the year were at ₹ 363 crore. This organically generated portfolio, which turned profitable last year, has a strong asset quality and a net NPA of only 0.7%. We operate in 49 locations across 10 States under this vertical.

SME Finance

The SME Finance business also grew in a calibrated manner, its AUM is ₹ 1,748 crore, contributing to 18% of our total AUM. Asset quality in this segment continues to be stable, and we are constantly focussing on deepening our presence in the 10 locations we operate in. This segment has also been impacted owning to the COVID-induced lockdown, supply chain disruption and short-term demand contraction, but we expect the current scenario to improve in the second half of the ongoing fiscal year.

Furthering retail

We continued our retail growth strategy and of reducing our wholesale lending to focus on growing the retail business. Our retailisation strategy has been progressing well and we have managed to successfully transform our business profile. Today, our retail business contributes 71% to the total AUM, from 61% in FY 2019. We are well on our way to become a 100% retail lending NBFC.

An inflection point

We are currently at an inflection point with strong capital adequacy, a comfortable liquidity position, a resilient operating model and increasing retail mix. We are also firm believers in the long-term secular growth trajectory of the Indian financial services sector and are well prepared to capitalise on the opportunity to increase market share.

Building resilience and responsiveness

Being well-capitalised and under-leveraged, we remain poised to take advantage of the favourable industry dynamics and to grow profitably. In fact, we expect our retail growth to be higher and even more profitable than the pre-COVID days, considering the multiple attractive opportunities that are likely to emerge. We are working towards building a responsible and highly profitable business and offering better returns to stakeholders. We foresee greater opportunities to deliver continuous growth and create value for our customers, employees and investors.

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Concluding remarks

Having built a top quality business at IndoStar, we are working every day to be more responsive to the current dynamic environment and build a resilient and sustainable business. With an experienced management team, efficient risk management processes and a strong position in retail lending, we are strategically positioned to embark on our next level of growth. Our strong capitalisation levels, low leverage and improved access to credit lines, and comfortable liquidity position give us the confidence to move forward with vigour.

Thanking You

R. Sridhar

Executive Vice Chairman & CEO

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

Despite the stress, well governed financial services companies with a strong capital base, robust risk management frameworks and capabilities, effective collection processes, rigorous cost control and increased use of technology, will become stronger.

"About 90% of our customers availed the moratorium offered in line with RBI guidelines in the first round although in the second round, your Company was selective in extending the moratorium. It also maintained timely, consistent and transparent communication with the customers.

Dear Shareholders,

As your Company enters its 9th year of operations, it is moving ahead with the trust and confidence of its stakeholders. Let me take the privilege to share with you my thoughts on the path IndoStar has defined to move ahead.

FY 2020, as we all know, has been a year of challenges, as an unusually complex mix of geo-political factors and events unfolded. After a growth spurt in 2016 and 2017, the world economy had thereafter been on a decelerating growth path consecutively for two years. Slower growth was attributed to a lag in global manufacturing and trade caused by negative growth in a few Emerging Markets and Developing Economies (EMDEs) and the trade clash between the US and China. Growth sentiments in the Indian economy mirrored the global pessimism and this was manifested through stress in the financial sector, lower GST collections and strain on fiscal deficit.

Impact of COVID-19

Even as the Government was seeking to address flagging growth, the outbreak and fast spread of COVID-19 shifted the Government's focus to managing the crisis, ramping up healthcare infrastructure and offering support to people and to affected segments of the economy. The rampant spread of the outbreak of COVID-19 across borders and geographies severely impacted the entire world and has triggered significant downside risks to the overall global economic outlook.

With the virus spreading rapidly in India, the government imposed extended lockdowns, which resulted in supply chain disruptions and a fall in consumption demand, leading to further stress on the banking and financial sectors. The cascading impact of these, sharply impacted cash flow to most segments of the economy.

In addition to containing the spread of COVID-19, the government and policymakers worked to minimise its impact on the economy and prepared for long-term challenges. The Government announced a series of measures to support the economy, even as the Reserve Bank injected liquidity into the system, adopting measures similar to those implemented after the global financial crisis. The unwinding of the national lockdown set off an uptick in economic activity. There has been a steady resumption of business activity across many parts of the country. While the economy will contract this year, growth is expected to rebound next year.

Bearing of COVID on NBFC's

The COVID-19 pandemic impacted financial markets and consumer sentiments alike. Financial institutions and lending businesses had to deal with the effects of the pandemic. Fall in demand, lower incomes and production shutdowns curtailed consumer mobility and led to deferral of spending and adversely impacted businesses. NBFCs, which had already been facing a liquidity squeeze, will face challenges on the asset side. Maintaining liquidity buffers and capital will be a greater challenge. Enhanced provisioning requirements in banks will also constrict liquidity available for lending.

As businesses adjust to a fast-changing operating environment, near-term liquidity will become critical to ensure timely debt servicing. There is a need for NBFCs to craft a strategic response across the immediate, short and medium term by reducing costs and adopting appropriate digital enablers and innovations, business process reengineering and automation, to ensure agile delivery models.

Despite the stress, well governed financial services companies with a strong capital base, robust risk management frameworks and capabilities, effective collection processes, rigorous cost control and increased use of technology, will become stronger.

Your Company dealt with the COVID situation efficiently with focus on cost control, asset quality and liquidity. As a service provider, it addressed a range of issues faced by the customers as they dealt with financial uncertainty. About 90% of our customers availed the moratorium offered in line with RBI guidelines in the first round although in the second round, your Company was selective in extending the moratorium. It also maintained timely, consistent and transparent communication with our customers. At the same time, the Company's priority was to ensure safety and security of our workforce. It put enabling measures in place with a "Work from Home" policy to ensure business continuity and ensured all essential operations were fully operational, thanks to the investments we have made in our technology infrastructure over the years.

Key achievements

FY 2020 had its fair share of positives too. Brookfield Business Partners L.P., one of the largest asset managers in the world, with US$ 500+ billion under management, invested ₹ 1,225 crore as primary capital into IndoStar during the year. This is their first private equity investment in India and was completed after a very rigorous due diligence process that extended over many months. With this investment, as well as further purchases from public shareholders and others, Brookfield has become a co-promoter, along with IndoStar Capital Mauritius. Their investment not only provided equity funding, which has helped IndoStar improve its capital adequacy ratio to 37.7%, but also improved access to new debt financing via their relationships with banks and financial institutions.

During the year, we also effectively integrated the IIFL business and the team into the Company, enabling us to capitalise on the wider network and enhanced talent pool.

Over the years, IndoStar has established itself as a robust and diversified lending institution in India, even as it has sharpened its focus on retail lending. All our retail lending businesses – Vehicle Finance, Affordable Housing Finance and SME Finance – are profitable.

Today, it has

~ ₹ 10,000 crore

of Assets Under Management, serving nearly

66,000 customers.

Building a diversified lending institution

Over the years, IndoStar has established itself as a robust and diversified lending institution in India, even as it has sharpened its focus on retail lending. All our retail lending businesses – Vehicle Finance, Affordable Housing Finance and SME Finance – are profitable. With experienced and highly professional leadership and an execution-focussed management team, your Company successfully refined its business model in the past couple of years to drive quality growth and produce superior return on equity. Today, it has ~ ₹ 10,000 crore of Assets Under Management, serving nearly 66,000 customers. IndoStar's vision to help middle India realise its life's aspirations continues – whether it is about buying the first home, or getting commercial vehicle financing or gaining access to SME finance to support India's entrepreneurs. With a healthy balance sheet and a strong, national branch network, your Company has continued building a strong business and driving growth.

Good corporate governance

At IndoStar, we have implemented and nurture sound corporate governance practices. Strict adherence to regulatory and supervisory norms, a systems-driven approach, and a framework of supervisory committees are key elements of this. At the core of the Company's management is an active, capable and diligent Board of Directors, which sets the tone for good corporate governance. It adheres to our core values of credibility and accountability to serve our stakeholders with passion and commitment. Even as it looks to create sustained value for all our shareholders, the constant aim is to safeguard the interest of all stakeholders.

Moving ahead

As your Company moves forward on its transformative journey of becoming a robust and diversified retail lending institution, it reiterates its commitment to the success of its clients. Despite the current testing and turbulent times, our expectation is that growth opportunities will return as the macro-economic environment improves. Your Company remains hopeful and focussed on leveraging the demand for affordable housing finance, vehicle finance and SME finance in India.

Your Company is making further investments in technology that will improve the capabilities of IndoStar to remain an agile and process-driven company, that is well positioned to capture growth opportunities in the years ahead.

Concluding remarks

Led by the fundamentals of integrity, commitment to performance and innovation, IndoStar Capital is today poised to enter a new growth trajectory.

Your Company stands firm in its promise to build a sustainable business, deliver value to all its stakeholders and serve India's vibrant economy.

With regards,

Bobby Parikh
Chairman

BATTLING THE COVID-19 CRISIS

The world, as we knew it a few months back, has been altered forever. The outbreak of the novel Coronavirus pandemic at the fag-end of FY 2020, offered a moment of grave challenge and deep introspection for every economy and organisation. At IndoStar, we responded positively and aligned ourselves to battle the challenges.

Business Continuity Plan

As a part of our Business Continuity Plan, we introduced Work from Home (WFH), rotational working with minimal staffing at every branch for smooth running of all our operations. IT systems, laptops and network requirements were efficiently arranged to enable WFH.

During the unlock phase, a 'back to work' SOP was created for business, Admin, HR and IT departments, along with an SOP for Dos and Don'ts for observing COVID-related precautions, using communication channels such as e-mails and regular calls. There was timely sanitisation and branch readiness, with phase-wise branch opening, with the local teams ensuring compliance at all levels. Branch-wise employee rotation plan continued with minimal staffing.

Supporting our Customers

With 66% of our total portfolio being in the most affected states of Maharashtra, Gujarat, Delhi, Tamil Nadu and Madhya Pradesh, we offered moratorium to our customers to soften the COVID blow. We maintained a flexible approach towards moratorium to ensure customers' needs were efficiently met.

a.

Moratorium 1.0:

Under Moratorium 1.0, we offered the opportunity of adjusting March 2020 EMI payments against June 2020. About 90% of our customers opted for Moratorium 1.0.

b.

Moratorium 2.0:

As the lockdown was further extended, we offered Moratorium 2.0 to customers in genuine difficulty.

MANAGING OUR EMPLOYEES

SME FINANCE

- Teams engaged in collections calls
- Post moratorium: collections calls to applicable customers
- Digitisation project undertaken by sales team
- Partial collateral lending through SIDBI guarantee

AFFORDABLE HOME FINANCE

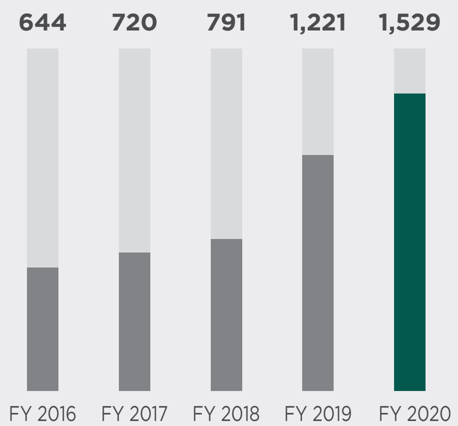
- Collections calls being done initially
- Post moratorium: Teams speaking to customer to explain implications and options for them
- 12 projects assigned to cross functional teams pan-India
- Post COVID operating plan also worked on: Paperless/ simplified process

VEHICLE FINANCE

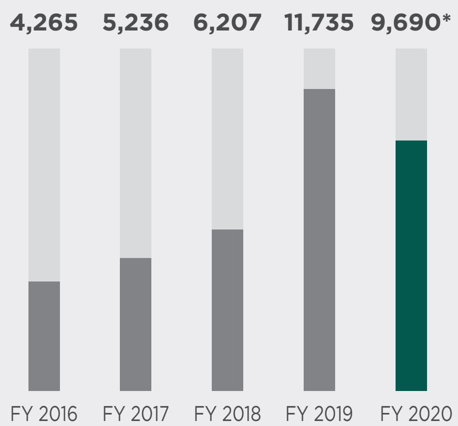
- Sales & Collections teams
- Overdue cases shared with employees, to enable customer calls
- Calls to customers who have not opted for Moratorium
- Proactively calling for future working capital requirement
- Credit teams
- NPA cases, negotiate on amount customers can re-pay
- PDD pending cases follow-up

A SNAPSHOT OF OUR NUMBERS

TOTAL INCOME
(₹ crore)

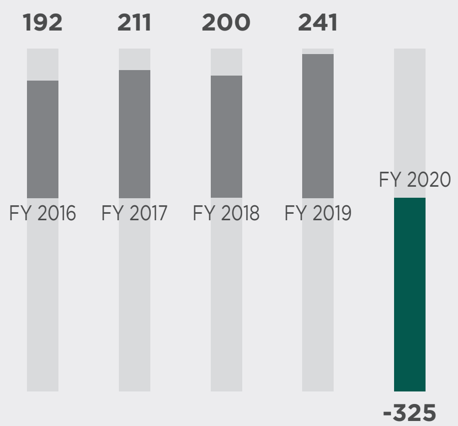


ASSETS UNDER MANAGEMENT
(₹ crore)

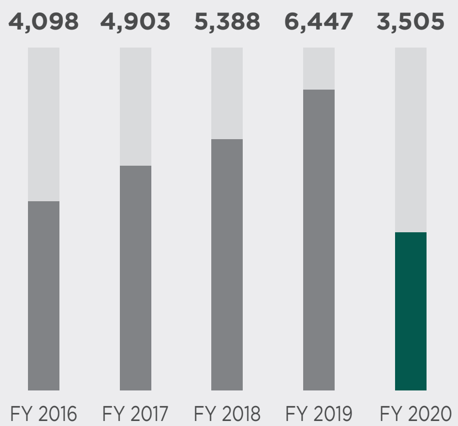


*Net of Covid-related provisions

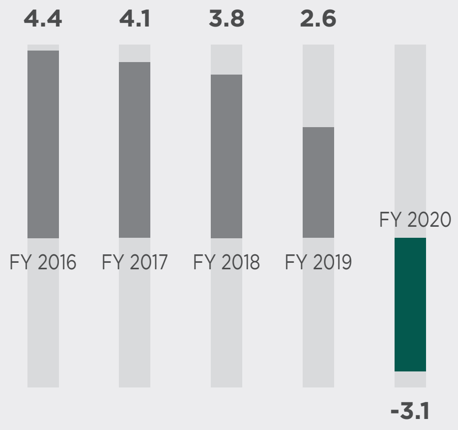
PROFIT AFTER TAX
(₹ crore)



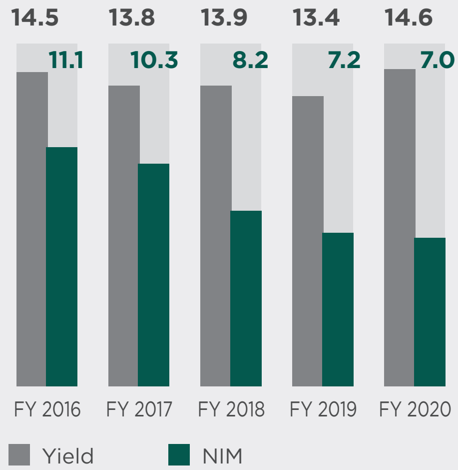
GROSS LOAN DISBURSEMENT
(₹ crore)



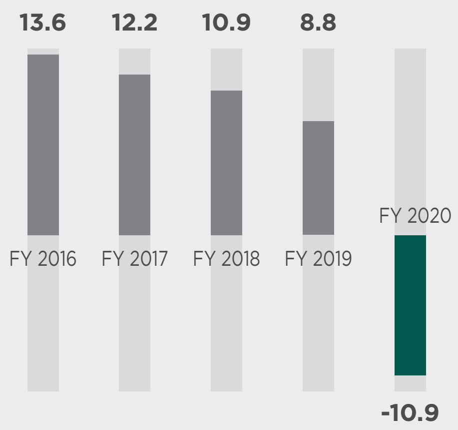
ROAA
(%)



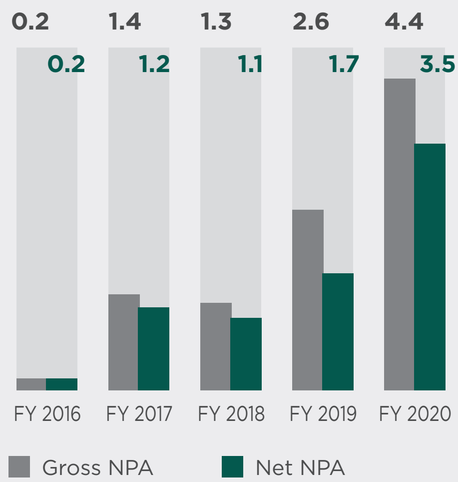
YIELD AND NET INTEREST MARGIN
(%)



ROAE
(%)



GROSS AND NET NPA
(%)



GAINING STRENGTH AND STABILITY WITH BROOKFIELD

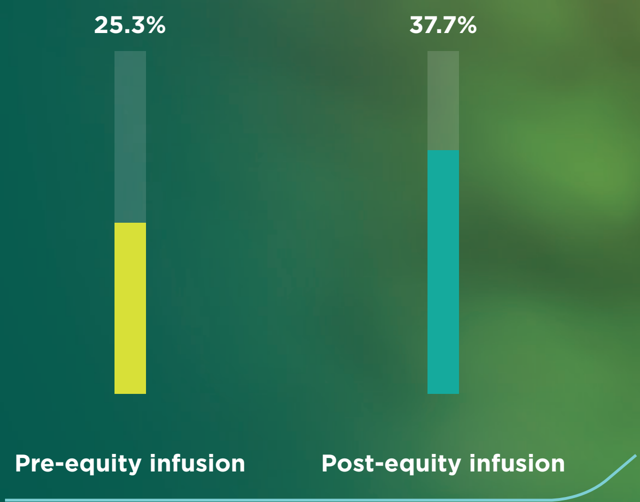
Capital injection by Brookfield strongly endorses our business model, existing management team and the quality of our franchise. The capital has made our balance sheet strong and resilient, and today, we have emerged as an NBFC with one of the highest capital adequacy among listed NBFCs in India.

In May 2020, we closed the primary capital infusion of ₹ 1,225 crore by Brookfield, a global leader in alternative asset management. Brookfield is reputed for acquiring high-quality businesses and applying its global investing and operational expertise to create value, with a focus on profitability, as well as sustainable margins and cash flows. It engages itself into businesses that have the potential to benefit from its global expertise, as an owner and operator of real assets.

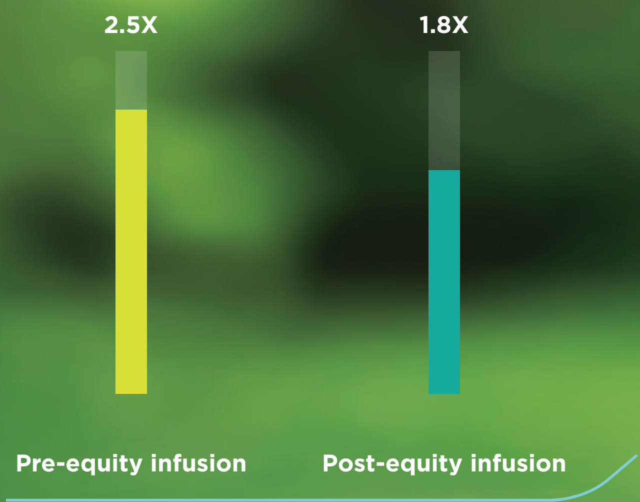
This is Brookfield's first private equity investment in India, as a part of which it has become a co-promoter in IndoStar, along with Everstone. This also marks its first instance of investing into India's financial services sector. So far, Brookfield was largely invested in the infrastructure, energy and real estate sectors, having made an aggregate investment of more than US$ 515+ billion. A globally reputed institution like Brookfield committing to invest in IndoStar validates the considerable growth opportunity in India's financial services sector.

IMPROVED RATIOS

a. Capital Adequacy Ratio



b. Debt/Equity Ratio



Key advantages of capital infusion

- **High capitalisation levels**
- **Low leverage**
- **Improved liquidity position**

IMPROVED CAPITAL ADEQUACY

With this, our capitalisation level has been strengthened to 37.7%, one of the highest in listed NBFCs in India. This enables us to be ready to grab growth opportunities when normalcy returns.

INCREASING LIQUIDITY

Brookfield supports the existing management team, talent and leadership at IndoStar, which is likely to drive and create value over the next 3-5 years. Our strong liquidity position and low leverage positions us well to accelerate our retailisation strategy in a challenging market environment. Today, we have liquid assets of around ~30% of our borrowings. We have sufficient liquidity to cover our repayment obligations and liabilities over the next 12 months.

GAINING OPPORTUNITIES TO GROW

Our transformation into a retail NBFC and a strong balance sheet provides a good foundation for us to negotiate better terms of credit with lenders prospectively. Brookfield's capital infusion equips us with the ability to drive organic as well as explore inorganic growth opportunities. Besides equity funding, the investment will also provide us access to new debt financing via Brookfield's relationships with financial institutions.

OUR BOARD OF DIRECTORS

MR. BOBBY PARIKH

Mr. Bobby Parikh is the Chairman and Non-Executive Independent Director on the Board of IndoStar. He has nearly three decades of experience in financial services industry/ reorganisations. Mr. Parikh's area of focus is providing tax and regulatory advice in relation to transactions and other forms of business reorganisations. He has founded Bobby Parikh Associates, a boutique firm focussed on providing strategic tax and regulatory advisory services. Mr. Parikh is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor of Commerce degree from the University of Mumbai.

MR. R. SRIDHAR

Mr. R. Sridhar is the Executive Vice-Chairman and CEO of IndoStar. He has over three decades of experience in the financial services industry. Prior to IndoStar, he was associated with the Shriram Group since 1985 and held the position of Managing Director & CEO of Shriram Transport Finance Company Limited for over a decade since the year 2000. Under Mr. Sridhar's leadership, the Company is expanding its retail businesses, while nurturing its well established corporate lending business. Mr. Sridhar is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor's degree in Science.

MR. DHANPAL JHAVERI

Mr. Dhanpal Jhaveri is a Non–Executive Director of IndoStar. He has over two decades of experience in investments, strategy, M&A and investment banking. Currently, he is a Managing Partner at the Everstone Group. Prior to joining Everstone, Dhanpal worked as Director (Corporate Strategy) with Vedanta Resources Plc. His previous assignments include being the Head of Investment Banking at ICICI Securities, and Partner for Corporate Finance at KPMG. Mr. Jhaveri holds a degree in Bachelor of Commerce from the University of Mumbai and an MBA from Babson College, USA.

MR. VIBHOR TALREJA

Mr. Vibhor Talreja is a Non-Executive Director of IndoStar. Mr. Talreja joined Everstone in 2019 as a Managing Director to lead the financial services sector along with other responsibilities. Prior to joining Everstone, he was working as a Director with Temasek India for over 12 years, where he led decision-making making on investments and divestments of over US$ 2 billion each across both private and public transactions. Mr. Talreja has extensive experience in Financial Services, Industrial/Consumer, Real Estate & Telecom sectors and has worked with JM, Morgan Stanley and Tata Administrative Services. He is an alumnus of IIT Kanpur and IIM Bangalore.

MR. ADITYA JOSHI

Mr. Aditya Joshi is a Non-Executive Director of IndoStar. Mr. Joshi is a Senior Vice President at Brookfield Asset Management, Mumbai, and leads the Private Equity business for Brookfield in India. Mr. Joshi is a senior member of Brookfield's private equity investments team and has over 10 years of private equity experience. Prior to Brookfield, Mr. Joshi was a Principal at Apax Partners and led and participated in deals across healthcare, tech, consumer and financial services. Prior to joining Apax, Mr. Joshi worked at The Blackstone Group, where he focussed on investment opportunities primarily in the Indian TMT, consumer, and business services space. Mr. Joshi holds an MBA from The Wharton School, University of Pennsylvania, and is a Chartered Accountant and member of The Institute of Chartered Accountants of India.

MR. SRIDHAR RENGAN

Mr. Sridhar Rengan is a Non-Executive Director of IndoStar. Mr. Rengan is a Managing Director within BAM India Group responsible for Corporate Finance activities including financing requirements for investments across platforms. Mr. Rengan joined Brookfield India in 2014, and has held various positions within Brookfield India and its affiliates. Prior to joining Brookfield, Mr. Rengan has held various senior level positions over the last two decades in various business groups spanning from Real estate, infrastructure to consumer goods products. Mr. Rengan is a Commerce graduate from the University of Calcutta and has also completed his post-graduation in Law from the same University. He is also a Member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India.

MR. HEMANT KAUL

Mr. Hemant Kaul is a Non-Executive Independent Director of IndoStar. He has vast experience as an independent management consultant, having worked with private equity firms to evaluate investments in the financial sector. Earlier, Mr. Kaul has also been the MD & CEO of Bajaj Allianz General Insurance Co Ltd. and the Executive Director of Axis Bank. Mr. Kaul holds a Bachelor's degree in Science and a Master's degree in Business Administration from Rajasthan University.

MS. NAINA KRISHNA MURTHY

Ms. Naina Krishna Murthy is a Non-Executive Independent Director on the Board of IndoStar. She has more than two decades of experience in the legal sector. She is the Founder and Managing Partner of Krishnamurthy & Company. She is also a trusted legal advisor to numerous corporations. Over the years, Ms. Murthy has built a strong reputation in corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE/VC investments. She was recognised by India Business Law Journal as 'A List' of India's top 100 lawyers in 2018, 2017 and 2016. She holds a degree in Law, with a B.A. and LLB (Hons) from National Law School, Bangalore.

OUR LEADERSHIP TEAM

1 R. SRIDHAR
Executive VC & CEO

- 30+ years of experience in financial services industry
- Previously associated with various entities forming part of the Shriram group
- Previously served as the MD of Shriram Transport Finance Company

2. PANKAJ THAPAR
Director – Strategy

- 30+ years of experience in corporate finance
- Previously worked with Everstone Capital Advisors, Dentsu, Coca-Cola India, ANZ Grindlays Bank, Citibank & ICICI

3. AMOL JOSHI
Chief Financial Officer

- 20+ years of leadership experience across all areas of finance in Banks and NBFCs
- Previously worked with Citicorp, Standard Chartered Bank, Amex and L&T Financial Services

4. JAYA JANARDANAN
Chief Operating Officer

- More than 25 years of experience with banks and financial institutions
- Previously worked with Ujjivan Small Finance Bank, Aditya Birla Payment Bank, Bank of America, JP Morgan and ICICI Bank

5. A. GOWTHAMAN
Business Head - Vehicle Finance

- 20+ years of experience in financial institutions
- Previously worked with Cholamandalam Investment & Finance Company, Shriram Transport Finance Company, Shriram Investments and others

6. HANSRAJ THAKUR
Business Head - SME Finance

- Several years of experience in SME, commercial banking, and sales and relationship management
- Previously worked at IDFC Bank, Standard Chartered Bank, ICICI Bank and Development Credit

7. SHREEJIT MENON
Business Head - Affordable HF

- Several years of experience with financial Institutions
- Previously worked with Religare Housing Development Finance Corporation, HSBC and Muthoot Housing Finance Company

INDOSTAR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8. SIVA S.
National Credit Head – Vehicle Finance

- 24 years of experience with financial Institutions
- Previously worked with Fullerton India, Citigroup, Equitas Small Finance Bank. Also worked in Ashok Leyland Limited

9. UDAY NARAYAN
National Credit Head – SME

- 20 years of experience with banks & financial Institutions
- Previously worked with Reliance Capital, Bajaj Finance, ICICI Bank, Axis Bank and L & T Finance

10. SHRIPAD DESAI
National Credit Head – Housing Finance

- 21 years of experience with banks & financial Institutions
- Previously worked with IDBI Bank, Reliance Capital, ICICI Bank, Deutsche Bank and others

11. BENAIFER PALSETIA
Chief Human Resources Officer

- More than 19 years of experience with banks and financial institutions
- Previously worked with IDFC Bank, Citibank and Credit Suisse

12. PRADEEP KUMAR
Chief Technology Officer

- More than 20 years of IT experience with financial institutions and IT Companies
- Previously worked with PNB Housing Finance Limited, BirlaSoft Limited, WNS, Tata Infotech

13. N. RAMESH
Group Head Operations

- 31 years of experience with banks & financial institutions
- Previously worked with GE Countrywide, Cholamandalam Investment & Finance Co. Ltd., Shriram City Union Limited, Equitas Small Finance Bank.

14. NATRAJ P
Chief Risk Officer

- More than 20 years of experience with banks and financial institutions
- Previously worked with Cholamandalam & Equitas Small Finance Bank

MOMENTS WE CHERISH

At IndoStar, Corporate Social Responsibility is laid on the founding pillars of **Empower, Educate and Engage.** Through our CSR activities focussed on five pillars, we aim to connect with NGOs in different states where we have a presence and support them in building a better society.

PILLARS OF OUR CSR PHILOSOPHY

Education

#पढ़ेगाइंडियातभीतोबढ़ेगाइंडिया

a. Avasara Leadership Institute

Through this initiative, we provide practical learning experience with leadership lessons to young girls from under-privileged backgrounds.

b. Salaam Bombay Foundation

Adolescents are enrolled for skills across fields like beauty & wellness and baking & confectionery, and provided financial literacy and entrepreneurship, aligned with National Skills Development Corporation.

c. **Masoom Night School**

Vocational courses are offered to provide education and employment opportunities to the marginalised sections.

d. **PRIYANJ**

Special students at Priyanj Special School (PSS) are sponsored to make them develop interest in academics, art and music, and extra-curricular activities.

e. **Password**

School children are inspired, activated and transformed by providing them with different skill-sets. During the year, the activity was conducted for 3,000 school students in Pune, Aurangabad and Ahmednagar.

WOMEN EMPOWERMENT

#मुलगीशिकलीप्रगतीझाली

a. **Janvikas - Driverben**

Through 'Driverben', Janvikas encourages and trains women to become professional commercial drivers, and provide them with livelihood opportunities.

b. **Task**

Vocational facilities are provided to the differently-abled by conducting training sessions in block printing, soap making, terracotta jewellery making & painting.

c. **Smile Foundation**

Smile Foundation provides education to 500 adolescent girls in Delhi and Chennai. Through the initiative 'Saksham Kishori', education is facilitated for girls.

ENVIRONMENT, SANITATION & WATER

#SWACHHBHARATABHIYAAN

a. VETRY

Through mass tree plantation, the programme aims at combating rising air pollution, reducing carbon footprint and improving standard of living by planting a variety of trees in the city of Tirupur.

b. Habitat For Humanity

Provides support for school sanitation infrastructure and to educate students on personal hygiene across Gujarat, Tamil Nadu, Telangana and Uttarakhand. It also aids in building homes for the society's under-privileged sections in Chennai and Mumbai.

HEALTH CARE

a. Shanmukhananda Medical Centre

Provides medical assistance for dialysis and eyecare to poor patients either free or at highly subsidised rates. The Phaco emulsification machine used for cataract / retina surgeries is also being replaced.

b. CPAA

Along with Cancer Patients Aid Association, we support elimination of cervical cancer by providing vaccination to women over 30 years.

c. Vision Foundation of India

We support Vision Foundation of India ("VFI") to offer eye surgeries to 166 patients in 19 states and eradicating curable blindness.

d. United Way Mumbai

With United Way Mumbai, we support the anti-COVID-19 campaign by providing 221 Personal Protective Equipment (PPE) kits to staff in Kasturba Hospital, KEM Hospital, Bhabha Hospital, Rajawadi Hospital and HBT Trauma Centre.

In addition, we also provided for:

- **Health kits to 150 Police personnel** in Nagpur
- **Family essential kits for 100 families** of visually impaired in Vangini, Maharashtra
- **Dry ration to marginalised families** in Tamil Nadu and Uttar Pradesh
- **Dry ration and basic necessity kits to 150 under-privileged families** in Delhi, Rajasthan and Gujarat

HUMANITARIAN RELIEF

a. Mumbai Roti Bank

We donate food to children from low-income families, orphanages, destitute children and the elderly. Drona Foundation School, Jeevan Dhara, Jan Jagriti, Dongri Remand Home are some of our regular donation sites.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Independent Chairman
Mr. Bobby Parikh

Executive Vice-Chairman & CEO
Mr. R. Sridhar

Whole-Time Director
Mr. Shailesh Shirali
(Resigned with effect from July 10, 2020)

Non-Executive Directors
Mr. Dhanpal Jhaveri

Mr. Alok Oberoi
(Resigned with effect from July 10, 2020)

Mr. Aditya Joshi
(Appointed with effect from July 10, 2020)

Mr. Sridhar Rengan
(Appointed with effect from July 10, 2020)

Mr. Vibhor Kumar Talreja
(Appointed with effect from July 10, 2020)

Non-Executive Independent Directors
Mr. Hemant Kaul

Ms. Naina Krishna Murthy

Mr. Dinesh Kumar Mehrotra
(Resigned with effect from July 10, 2020)

CHIEF FINANCIAL OFFICER
Mr. Amol Joshi

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Jitendra Bhati

STATUTORY AUDITORS
S. R. Batliboi & Co. LLP

INTERNAL AUDITORS
KPMG

CIN: L65100MH2009PLC268160

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Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

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Tel No.: +91 22 40807000
Fax No.: +91 22 66311776
E-mail: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT
Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083
Tel No.: +91 22 49186270
Fax No.: +91 22 49186060
E-mail: rnt.helpdesk@linkintime.co.in

BANKERS / FINANCIAL INSTITUTIONS
Abu Dhabi Commercial Bank
Allahabad Bank
Axis Bank Limited
Axis Mutual Fund
Bank of Baroda
Bank of India
Canara Bank
Catholic Syrian Bank
Corporation Bank
DCB Bank Limited
Doha Bank
DSP BlackRock Mutual Fund
Federal Bank Limited
Franklin Templeton Mutual Fund
HDFC Bank Limited
HDFC Limited
ICICI Bank Limited
IDBI Bank Limited
IDFC First Bank Limited
IFCI Limited
Indian Bank
IndusInd Bank Limited
Karnataka Bank Limited
Karur Vysya Bank
Kotak Mahindra Bank Limited
Kotak Mahindra Mutual Fund
L&T Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
PGIM India Mutual Fund
Punjab National Bank
RBL Bank Limited
Reliance Mutual Fund
SBI Mutual Fund
Small Industries Development Bank of India
South Indian Bank
State Bank of India
Sundaram Mutual Fund
Union Bank of India
UTI Mutual Fund
Yes Bank Limited

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economy

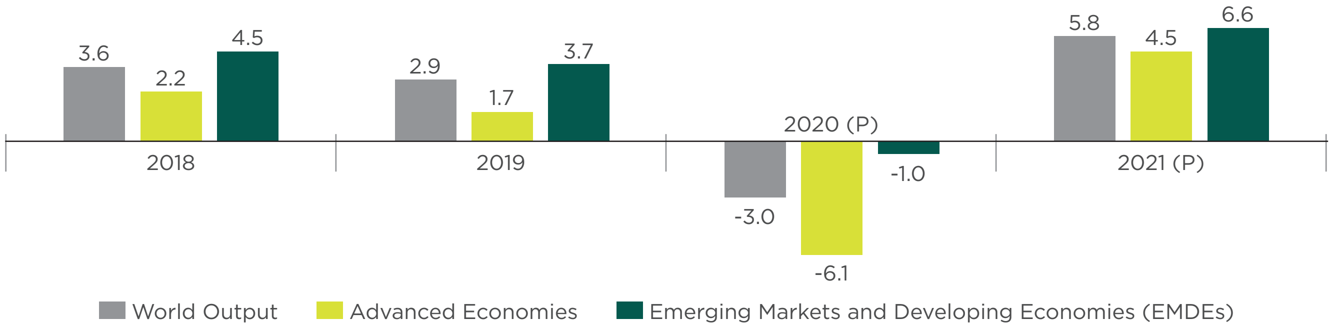
The global economy grew by 2.9% in 2019, as against 3.6% in 2018, as per the estimates from the International Monetary Fund (IMF). This subdued growth is a consequence of elevated trade barriers, Brexit-related concerns, geopolitical tensions, tighter financial conditions and policy uncertainty across advanced economies and emerging markets. Despite the early headwinds, conditions eased since the beginning of 2020 with positive developments in US-China trade negotiations, a successful Brexit and continued monetary easing.

COVID-19 Impact

The outbreak of the novel Coronavirus (COVID-19) in the first quarter of 2020, which was declared as a global pandemic, posed fresh challenges to global economies and their activities. It spread with alarming speed, infecting millions and bringing economic activity to a near standstill, as countries imposed tight restrictions on movement to halt the spread of the virus. It plunged the world economy into a recession, worse than the global financial crisis witnessed a decade ago.

As a result of the pandemic and the lockdown, and with other containment measures, the global economy is likely to contract by 3% in 2020 – the steepest slowdown since the Great Depression of the 1930s. Central banks across the world eased monetary policies to mitigate the effects of the pandemic and stabilise financial markets. In addition, a series of stimulus packages were announced by major developed economies and financial institutions to limit the economic damage. Even as economic activity resumes gradually, consumer behaviour will change as a result of continued social distancing and uncertainty about how the pandemic will evolve. However, the IMF predicts that a combination of global monetary and fiscal actions will aid global growth to bounce back to 5.8% in calendar year 2021.

Global Economic Growth (%)



(Source: IMF World Economic Outlook, April 2020)
**P = Projections*

On the fiscal front, the government first rolled out a ₹ 1.7 trillion relief package for India's marginalised population to help them tackle the challenges caused by the pandemic. Further, a mammoth ₹ 20 lakh crore economic package under the 'Atmanirbhar Bharat Abhiyan' was announced to help the economy tide over the crisis.

Indian Economy

An already slowing Indian economy was derailed from the growth track after a stringent shutdown was imposed in March 2020 to halt the spread of COVID-19. India's Gross Domestic Product (GDP), which slowed down to 4.2% in FY 2019-20, compared to 6.1% growth clocked in FY 2018-19, is set to contract anywhere between 5% and 10% this year – for the first time in four decades. Primary factors responsible for the deceleration in growth include global economic slowdown, subdued consumption and private investment, and liquidity constraints in the banking & financial services industry. The consequential credit squeeze severely affected economic growth and led to a sluggish pace of credit off-take as domestic spending and external demand lost momentum.

Concerns around lending to real estate increased owing to banks' and non-bank financial institutions' low appetite for lending to property developers. Overall, credit flow into the system remained sluggish, which impacted funding for consumption and investment and led to a continuing liquidity crunch and funding constraints for borrowers. While timely regulatory action by the Reserve Bank of India (RBI) helped contain the damage, the persistent liquidity pressures resulted in growth slowdown during the year.

The relatively fragile scenario received further setback with the untimely and unexpected outbreak of COVID-19, which has created unprecedented challenges for the Indian economy. Growing spread of the virus, social distancing measures and fears among consumers and businesses rose dramatically in India. Steps taken to contain the spread, such as the nationwide lockdown stalled economic activity and is expected to impact both consumption and investment, with the RBI estimating significant contraction in economic growth for FY 2020-21.

Inflation and Monetary Policy

India's Consumer Price Index (CPI) inflation stood at 5.91% in March 2020 vis-à-vis 6.58% in February 2020 on the back of easing food prices. The annual Wholesale Price Index (WPI) inflation softened to 1% on account of broad-based moderation across segments along with deflation in fuel and power. However, with the outbreak of the pandemic and concerns over elevated food prices, the outlook for inflation remains uncertain. As supply chains get restored along with gradual relaxations in lockdown, spike in food inflation is expected to moderate. To give a boost to the economy, the RBI had slashed the benchmark repo rate by 135 basis points (bps) in five successive rate cuts – between February 2019 to October 2019, with significant easing of the monetary policy. Even though RBI lowered policy rates, they weren't fully passed through to borrowers, because of which real borrowing costs increased, weighing on credit demand.

Further, fiscal measures in the form of corporate tax rate cuts, front-loaded infrastructure investment programmes and bank recapitalisation were expected to revive economic growth. Additionally, a simplified tax structure was seen putting more disposable money in the hands of taxpayers and propel consumer spending.

Monetary Support post-COVID

Policymakers have been implementing substantial fiscal, monetary and financial market measures to support the economy in a post-COVID scenario. On the fiscal front, the government first rolled out a ₹ 1.7 trillion relief package for India's marginalised population to help them tackle the challenges caused by the pandemic. Further, a mammoth ₹ 20 lakh crore economic package under the 'Atmanirbhar Bharat Abhiyan' was announced to help the economy tide over the crisis.

Along with this, the RBI reduced the repo rate by a cumulative 115 bps to 4.0% and reverse repo rate by 155 bps to 3.35% since the beginning of the crisis to maintain financial stability. It also slashed the cash reserve ratio by 100 bps to release ₹ 1.37 lakh crore across the banking system. In addition, it allowed commercial banks and non-bank finance companies to offer to their customers a three-month moratorium on payment of instalments on their loans. Further, in May 2020, it allowed further extension of the moratorium period by another three months to August 31, 2020. These measures are expected to provide adequate liquidity into the system and help mitigate the impact of COVID-19 pandemic.

Economic recovery will depend on the shape the COVID-19 pandemic will take. While enormous challenge looms, some experts and economists believe a recovery could be on the cards in the next 6-9 months. The RBI projects economic growth to recover to 7.4% in FY 2021-22, buoyed by fiscal and monetary stimulus.

INDUSTRY OVERVIEW

Financial Services Industry

The Indian banking and financial services industry plays an important role in driving growth of the Indian economy and expanding the credit market. The government and regulators have been taking strong measures to strengthen the sector through favourable policies, promotion of financial inclusion and liquidity infusion among others. Over the last decade, India's financing requirements have risen on the back of increasing population, rising incomes, and growing awareness and aspirations.

As per the rating agency ICRA, the incremental credit flow from banks stood at ₹ 5.9 trillion during FY 2019-20, almost half of ₹ 11.9 trillion in the previous year. Factors such as muted economic growth, lower working capital requirements and risk aversion among lenders compressed incremental credit growth. However, while the near-term outlook for credit growth in the light of the COVID-19 is likely to stay weak, the secular drivers remain intact.

Drivers of Credit Growth:

- Greater financial inclusion, increased demand for private consumption, and initiatives boosting growth in low-cost housing and MSME loans will be the key growth drivers for retail loans industry
- Regulatory and government initiatives such as reduction in corporate tax rates, repo rate cuts, and bank recapitalisation, among others, are also expected to boost credit growth
- Digital lending across sectors will account for a significant chunk of credit disbursements, which will be fuelled by greater use of technology and data analytics and increasing fintech players

Atmanirbhar Bharat Package Announcements:

- Special refinance facilities to NABARD, SIDBI, and NHB for a total amount of ₹ 50,000 crore
- Extension of date for commencement of commercial operations (DCCO) by one year for loans by NBFCs to commercial real estate
- Easing of working capital financing, moratorium on payment of instalments for all term loans and interest on working capital facilities
- ₹ 30,000 crore additional emergency working capital for farmers through NABARD
- Credit boost of ₹ 2 lakh crore for 2.5 crore farmers under Kisan Credit Card Scheme

NBFCs in India

Growth of non-bank financial companies (NBFCs) has been pivotal in channeling credit to the underserved markets by catering to customers and geographies at the grassroot level. With their immense contribution to the economy, NBFCs are considered as an alternative to mainstream banking, providing credit access to customers. They supplement the role of the banking sector in meeting the increasing financial needs of the

"The COVID-19 outbreak and the subsequent nationwide lockdown has not only affected the operations of NBFCs but has also raised uncertainty with respect to demand revival, liquidity management and customers' cash flows.

corporate sector, delivering credit to the unorganised sector and to small local borrowers. They have been instrumental in bridging the gap in credit availability to retail customers in the unbanked areas, fuelling the growth of entrepreneurial ventures in the country.

Retail NBFCs offer formal credit to the retail and micro, small and medium enterprises (MSME) segment with a varied range of product offerings such as vehicle loans, SME loans, housing finance, equipment financing, auto loans, consumer durable finance, among others. With their deep understanding of micro markets, NBFCs have the capability to focus on the lower end of the spectrum through product customisation. Niche NBFCs, with their unique business models and technology adoption, have done especially well in the last few years in expanding their reach and market share.

As of September 2019, 9,642 NBFCs were registered with the RBI. Of this, 82 were deposit taking and 274 were systemically important non-deposit accepting NBFCs. NBFCs operate through a network of 28,878 branches across the country. They are subject to strict prudential requirements such as capital adequacy requirements, provisioning norms, and other reporting requirements.

The sector has been facing a liquidity crunch since September 2018, following defaults by a few large firms. Liquidity from bond markets has been relatively constrained for a greater part of 2020. Most NBFCs during this period have focussed on managing their liquidity profiles and to a degree increased reliance on securitisation/ assignments and bank borrowings to meet their funding requirements. Most firms in FY 2019-20 have prioritised liquidity over growth and have proactively looked to raise equity capital to address risks as well as address the concerns of lenders on the solidity of their respective businesses.

COVID-19 Impact on Financial Services Sector and Support Measures

The COVID-19 outbreak and the subsequent nationwide lockdown has not only affected the operations of NBFCs but has also raised uncertainty with respect to demand revival, liquidity management and customers' cash flows. Loan book growth, asset quality, liquidity, and earnings of NBFCs have been impacted due to disruption in business activities.

Demand for housing assets, consumer goods, micro finance, and working capital finance may remain subdued in the wake of the economic slowdown impacted by COVID-19. This is likely to impact the retail financing industry, one of the key drivers for overall credit growth. A recovery is likely in the second half of FY 2020-21 in line with overall economic turnaround.

On the positive side, the crisis has exposed the financial services industry to newer ways of working. Banks and NBFCs have made a smooth transition to working remotely, while accelerating automation initiatives and digitisation of services and processes.

Positive measures

Meanwhile, the central bank and government have announced a slew of liquidity-boosting measures to help banks, NBFCs, and other financial intermediaries to battle the liquidity challenges amidst the pandemic. Among the various measures announced, a window of ₹ 50,000 crore under Targeted Long Term Repo Operations (TLTRO) will enable NBFCs to lend to micro segments of each sector in the economy. Reduction in reverse repo rates by 90 bps in March 2020 and further 25 bps in April 2020 to 3.75% is another big step, as it will encourage banks and NBFCs to increase lending and investment. Another key initiative is the allowance to all lending institutions to offer their customers a three-month moratorium on payment of instalments on their loans followed by an additional three-month moratorium. Similarly, deferment of interest payments has also been allowed on working capital facilities. These steps will provide significant relief to retail borrowers of NBFCs.

Further, a special liquidity scheme of up to ₹ 30,000 crore has been announced for NBFCs, housing financiers and micro financiers. Under this scheme, investments can be made in investment grade debt securities of non-bank and housing finance companies and microfinance institutions. These investments will be fully guaranteed by the government. Moreover, the partial credit guarantee scheme has been expanded to cover lower-rated NBFCs. This scheme will result in liquidity to the tune of ₹ 45,000 crore, under which the 20% first loss guarantee will be borne by the government. These wide-ranging measures will provide much-needed liquidity support to non-bank lenders and help them deal with the current liquidity challenges.

Overview of Business Segments

Commercial Vehicle Finance

According to Society of Indian Automobile Manufacturers (SIAM), overall commercial vehicles sales registered a de-growth of 29% to 7,78,401 units in FY 2019-20, as compared to 11,07,244 units during the same period last year. Within commercial vehicles, Medium & Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles (LCVs) sales declined by 43% and 21% respectively in FY 2019-20 over the same period last year. The adverse impact of tight financing environment, increased load carrying capacity for M&HCVs with revised axle load norms, and slowdown in key sectors such as infrastructure, construction, mining and others, collectively impacted CV demand. Regulatory mandate of switching to BS VI emission and fuel norms from April 2020 has further increased costs for the industry.

While pre-buying was expected during March 2020 before the BS VI norms were implemented, the nationwide lockdown led by the coronavirus pandemic affected expected revival in demand. Macroeconomic headwinds coupled with price hikes due to transition to new emission norms may further dampen consumer demand and financial viability of fleet operators.

Going forward, strong government focus on infrastructure and construction sectors will be an important driving force for commercial vehicles in India. In addition, proposed incentive-based vehicle scrappage policy is expected to accentuate demand for new CVs and create an even larger market for used CVs. Market opportunity for NBFCs is likely to come from higher government investments in roads and highways, expected finalisation of the scrappage policy, and greater thrust on rural sector. NBFCs operating in this segment leverage their deep customer understanding, strong competencies, relationship-based approach, and extensive branch network to drive business growth and penetrate newer markets.

Housing Finance

The government views housing as a vital engine for economic development and has announced various schemes and policies to increase home ownership. Rapid urbanisation, increasing income levels, emerging nuclearisation of families and growing aspirations are the key growth drivers of the housing sector. With the country's mortgage financing being underpenetrated at nearly 10% of GDP, NBFCs and HFCs have taken advantage of this potential and have been the biggest drivers of housing finance growth. The mortgage to GDP ratio for India is expected to grow significantly over the next few years compared to other developing countries. Thus, the low mortgage penetration presents a huge opportunity for housing finance growth. Moreover, NBFCs and HFCs with their multi-pronged distribution model and last-mile connectivity have been effective in tapping the under-penetrated and underbanked segments of home buyers.

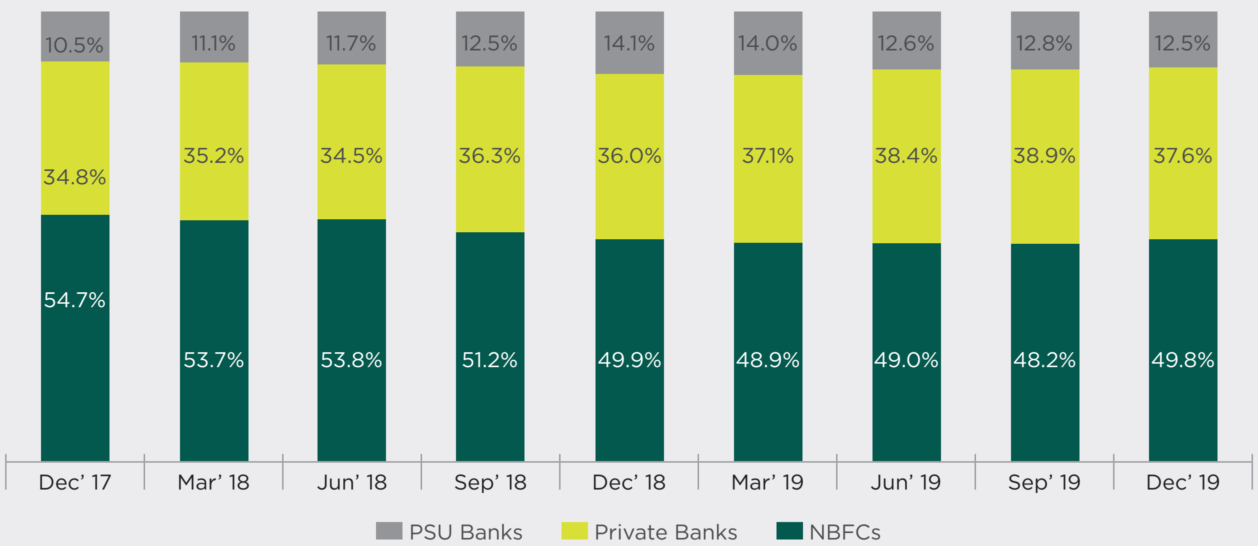
To boost affordable housing and achieve the vision of Housing for All by 2022, the Government has undertaken several initiatives under the Pradhan Mantri Awas Yojana (PMAY) with the aim of building 50 million houses in urban and rural India by 2022. Till December 2019, the cumulative number of houses sanctioned under PMAY (U) was over 9.6 million units. Growing affordability supported by the government incentives, has resulted in a rise in home buying, especially in the affordable housing segment. Over the last few years, most financial institutions have been venturing into the affordable housing space. Majority of the affordable housing loans have been extended to Economically Weaker Section (EWS), Middle Income Group (MIG) and Low-Income Group (LIG) segments in the rural and semi urban areas.

The COVID-19 pandemic induced slowdown impacted disbursements in the quarter ended March 2020. Asset quality of all segments of housing loans was adversely impacted. The current economic situation may lead to people deferring home purchases and home improvement decisions unless they achieve stability in income levels. Nonetheless, the government stimulus package and easing of the lockdown may revive buyer sentiments and boost housing finance growth.

SME Finance

MSMEs constitute an important part of the Indian economy as they significantly contribute to the country's overall GDP, manufacturing output, employment, and exports. MSMEs have long been recognised as key instruments for promoting equitable development. With the growing number of SMEs in India, access to timely and adequate credit to enable them to meet their working capital and capital expenditure needs has become increasingly important. Over the past few years, NBFCs have been significant credit providers to SMEs, especially at the lower end. Well-established players with a deep knowledge of micro markets and low-cost distribution have been extending credit to SMEs by providing a range of products suiting their needs. During the year 2019, lenders disbursed ₹ 92,262 crore worth of credit towards the micro enterprises segment (aggregate credit exposure <1 crore).

Share of Lending in MSME Segment



(Source: MSME Pulse, TransUnion CIBIL – April 2020)

However, the countrywide lockdown and slowdown in economic activity induced by coronavirus pandemic has posed widespread difficulties for the MSME sector. Various policy announcements by the government and the RBI are likely to mitigate the economic distress being faced by the sector in the light of the COVID-19 pandemic. Notable initiatives include announcement of setting up of a collateral-free automatic loan provision worth ₹ 3 lakh crore for MSMEs in the form of a fully guaranteed emergency credit line; allocation of ₹ 20,000 crore as subordinate debt facility and a ₹ 50,000 crore equity infusion for MSMEs through Fund of Funds. The government also took the opportunity to revise the definition of MSMEs to include the additional criteria of turnover and eliminate the existing distinction between manufacturing and service units. Further, a company with investments up to ₹ 50 crore and turnover up to ₹ 250 crore can also be classified as a medium enterprise.

Corporate Lending

Corporate Lending represents advancing loans to medium and large-sized corporates, institutional customers and real estate developers by banks and other financial institutions. It encompasses long and short-term funding, with long-term loans accounting for majority of the industry's loan book. NBFCs engaged in corporate lending are entitled to provide loans with a need-based approach, while also considering the risk-return appetite. Product offerings in this category include promoter funding; mezzanine funding; structured and acquisition financing; and real estate developer financing.

COMPANY OVERVIEW

IndoStar Capital Finance is a leading diversified Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI) as a systemically important non-deposit taking company. It is a professionally managed and institutionally owned organisation. It is primarily engaged in providing used and new vehicle financing to transporters, housing finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited, loans to small and medium enterprise (SME) borrowers as well as structured term financing solutions to corporates.

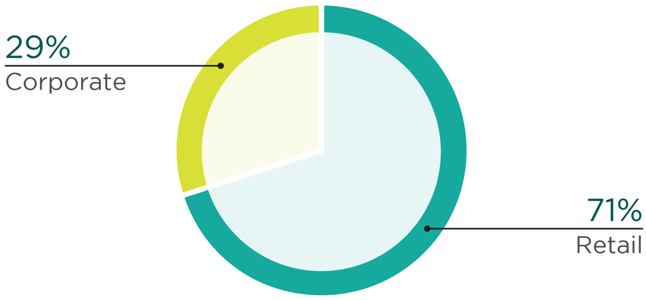
The Company commenced operations in 2011 as an NBFC focussed on financing the corporate sector. In 2016, it kickstarted its journey from being a corporate lender into being a diversified, retail-focussed NBFC. Since then, IndoStar has widened its retail portfolio by increasing its exposure in providing financing for CVs, SMEs, and Housing. These three segments comprise the retail business of the Company. A highly experienced management team, strong platform, and a well-spread branch network have been pivotal in the significant growth of its retail operations.

As a part of the retailisation journey, IndoStar acquired the CV finance business of IIFL in FY 2018-19. The profitable franchise along with its reach is an ideal fit to propel growth in the CV finance business over the next few years.

With its focus on becoming a retail financier of choice, IndoStar has been able to considerably increase the share of retail loans to overall loans to 71% across its 233 branches.

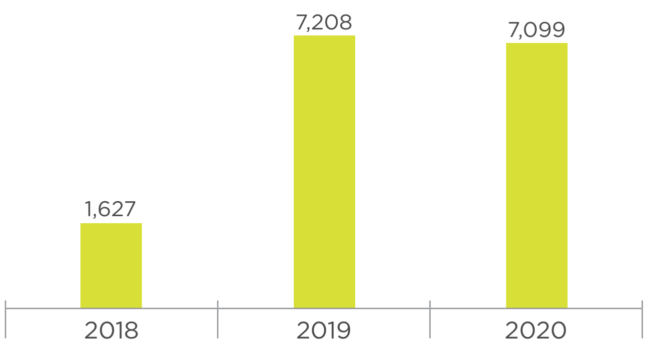
As on March 31, 2020, its Assets Under Management (AUM) stood at ₹ 9,690 crore. (Net of Covid-related provisions.)

AUM Split (as on March 31, 2020)

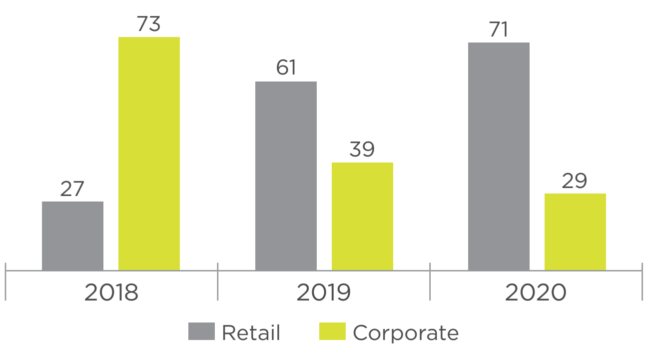


Share of Retail AUM increased from 61% in FY 2019 to 71% in FY 2020.

Retail AUM (₹ in crore)

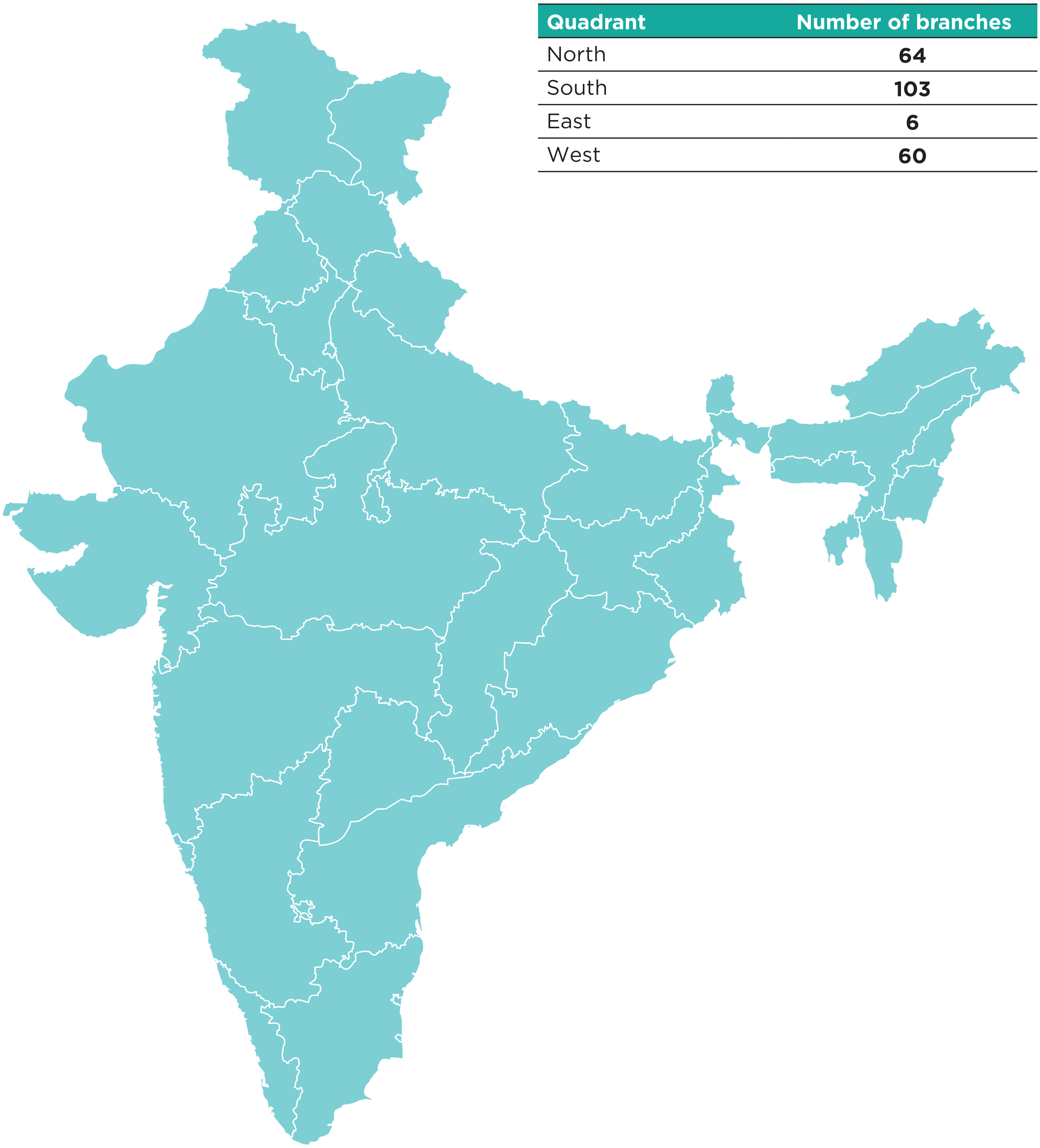


Retail vs Corporate AUM (%)



Geographic Footprint

233 branches across **18** states
(as on March 31, 2020)

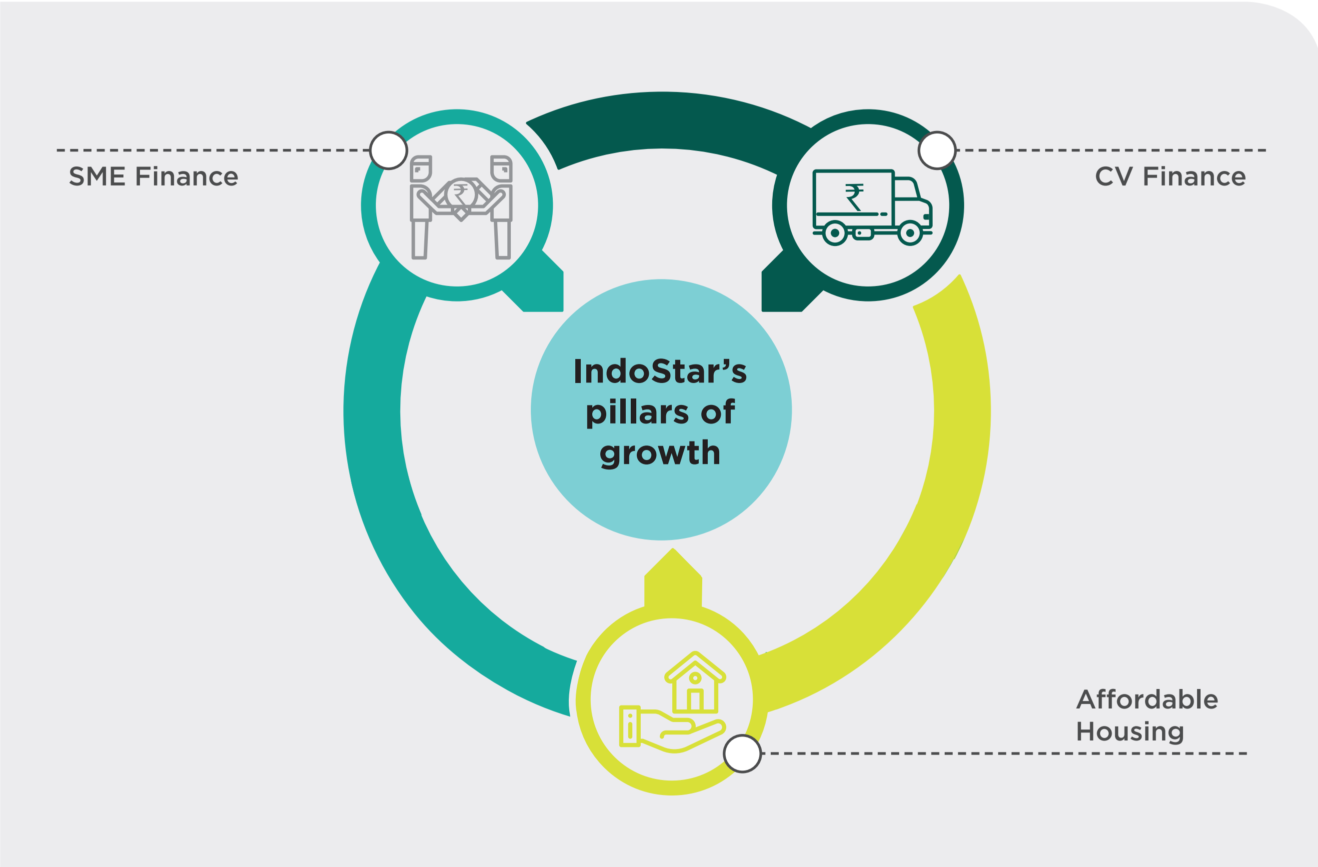


Quadrant	Number of branches
North	**64**
South	**103**
East	**6**
West	**60**

* Map not to scale. For illustrative purposes only.

BUSINESS REVIEW

The Company intends to expand its retail business and drive profitable growth. It aims to operate each of its three retail business verticals as independent profit centres as it continues to focus on becoming a retail NBFC.



CV Finance

The pre-owned commercial vehicles segment has been the focus area for IndoStar's CV Finance business. The key feature of this segment is that previously owned commercial vehicles are more affordable to buyers. As most of these buyers have nascent banking habits and limited credit history for verification of creditworthiness, the risks associated with pre-owned CV financing are perceived to be high. The market penetration of organised financing for pre-owned CVs is considerably low, with a majority of customers being served by private financiers within the unorganised sector, and borrowers are subject to extremely high interest rates.

IndoStar is actively focussed on the small road transport operators (SRTO) segment. Its vision is to expand its market presence and become a 'go to' organised lender of choice for SRTOs having a fleet size of 2 to 5 vehicles. With this, it intends to garner a significant proportion of the demand by appropriately factoring in the higher risks, while giving customers access to relatively affordable credit.

The Company's senior management team possesses a wealth of industry experience in serving these customers. Deep understanding of borrowers' profiles and their credit behaviour will be the strategic differentiators for its long-term performance. Going forward, IndoStar expects its CV Finance segment to be its key growth driver.

IIFL CV Finance Business Acquisition

The profit accretive acquisition of IIFL's CV Finance business brings IndoStar closer to its aspiration of becoming a leading player in the CV financing space, while providing further impetus to its retail lending business. As a result of this acquisition, the Company's retail loan book grew significantly and accounted for 71% of total AUM, as on March 31, 2020. This strategic acquisition has resulted in strengthening of distribution network, particularly in North and West India, greater manpower and stronger national footprint, and substantial increase in monthly disbursement capacity of CV finance business. Therefore, with increased operating leverage and higher economies of scale, the Company is well positioned to accomplish quality growth in its CV financing business.

During the period June 2019 to March 2020, ₹ 796 crore worth of loans were originated on behalf of ICICI Bank. Going forward, we intend to leverage this relationship further as it is a capital efficient and liquidity enabling arrangement for IndoStar helping to leverage its branch network effectively.

Partnership with ICICI Bank for CV Financing

In June 2019, the Company entered into a sourcing, servicing and collection arrangement with ICICI Bank for extending credit to small and medium fleet owners to purchase used and new commercial vehicles across its branch network. Under this partnership, IndoStar will originate and serve customers through the entire loan lifecycle right from sourcing to loan servicing for which ICICI Bank will provide funding to these customers.

During the period June 2019 to March 2020, ₹ 796 crore worth of loans were originated on behalf of ICICI Bank. Going forward, we intend to leverage this relationship further as it is a capital efficient and liquidity enabling arrangement for IndoStar helping to leverage its branch network effectively.

Housing Finance

The Housing Finance business at IndoStar is operated through its wholly-owned subsidiary IndoStar Home Finance Private Limited. Under this segment, IndoStar provides home loans to self-employed and salaried individuals for purchase and construction of residential properties. There is a large category of borrowers who are underserved and lack access to mainstream financial services.

The Company aims to fulfil the home buying aspirations by extending loans to customers situated in Tier II and III cities, as well as the outskirts of urban markets. The highly experienced and skilled team of the Company strives to grow the housing finance business and leverages the branch infrastructure of the CV Finance business to optimise operating costs.

SME Finance

IndoStar's foray into SME Finance was part of its endeavour to grow its retail franchise. This segment operates through 10 branches, with ₹ 1,748 crore of overall loan book coming from SME Finance. The Company foresees tremendous opportunity in aspirational and entrepreneurial India, which is not well served in terms of customised financial solutions.

The Company's SME Finance is aimed at primarily lending to small and medium enterprises for their business financing needs including working capital, business expansion or other requirements. The SME loans are predominantly offered against the collateral of a self-occupied residential or commercial property. Key customers include traders, manufacturers, self-employed professionals and service businesses, with almost 40% of loans disbursed to customers who qualify under the Priority Sector lending (PSL) category.

Capital Infusion from Brookfield Business Partners

In May 2020, the Canada-based alternative asset manager Brookfield Business Partners L.P., through its subsidiary, made an equity capital injection of ₹ 1,225 crore into IndoStar. With this infusion, Brookfield has become a co-promoter in IndoStar, along with Everstone. The infusion has led to IndoStar having one of the highest capital adequacy ratios among all listed NBFCs. Strong liquidity position and low debt-equity positions IndoStar well to further accelerate its retail lending strategy and equips it to use capital to pursue organic and inorganic growth opportunities.

Corporate Lending

IndoStar commenced operations as a corporate lender in the year 2011. Over the years, it has built a reputation of being a differentiated lending player. Under this division, the Company offers senior secured debt for developer financing, and structured lending to mid and large corporates across diverse sectors. In developer financing, the Company lends for the construction of residential and commercial properties with a typical loan ticket size of ₹ 150 - 250 crores. The objective of structured lending is to provide efficient capital structure giving the desired flexibility to manage the cash flows and long-term growth prospects of these companies.

With a talented and dynamic management team at the helm, the Company follows a stringent credit appraisal process, which helps it to maintain a robust loan book. The credit team diligently monitors the development of the financed projects to monitor the progress of construction and accordingly authorises milestone-based disbursements. Further, IndoStar has always followed the discipline of routing all project cash flows into an escrow account mechanism much before RERA came into force. In all the real estate loan transactions, there is a mandatory pre-payment mechanism prescribed which ensures disciplined management of cash flows collected from the project, thereby reducing risks of potential diversions.

All loans within the corporate lending vertical are secured by one or more of the following collaterals: fixed and current assets of the business, pledge of shareholding in the company, promoters' personal assets and personal guarantee, etc. Lending to promoters and/or their investment holding companies is typically secured by collateral comprising listed / unlisted share securities, or mortgage of properties, or other liquid investments. As we move our focus to become a retail lending entity, we are reducing our lending exposure to Corporates.

PERFORMANCE REVIEW

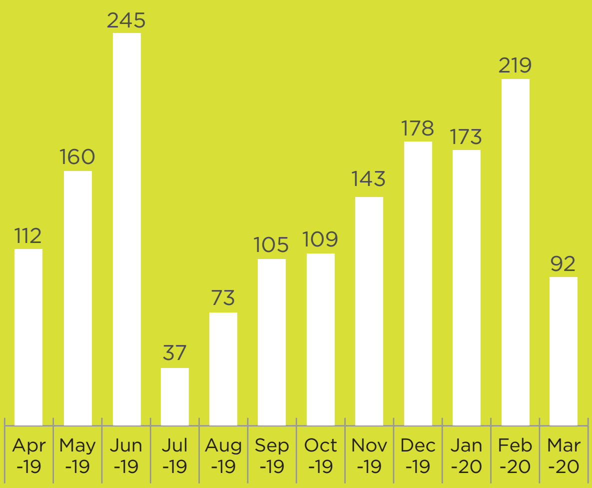
During FY 2019-20, the liquidity environment for the entire NBFC sector was constrained. Further, with concerns around solvency of many firms, IndoStar adopted a cautious stance to prioritise liquidity over growth with a combination of continuing with its strategy of securitisation/assignment of portfolios and growing the off balance sheet loan book. This led to all businesses witnessing modest growth in business volumes.

In the CV Finance business, the first half of the year witnessed efforts towards integrating the resources of the acquired business of IIFL. Further, IndoStar calibrated the CV business volumes in line with economic environment and also booked considerable business under its co-lending arrangement with ICICI Bank.

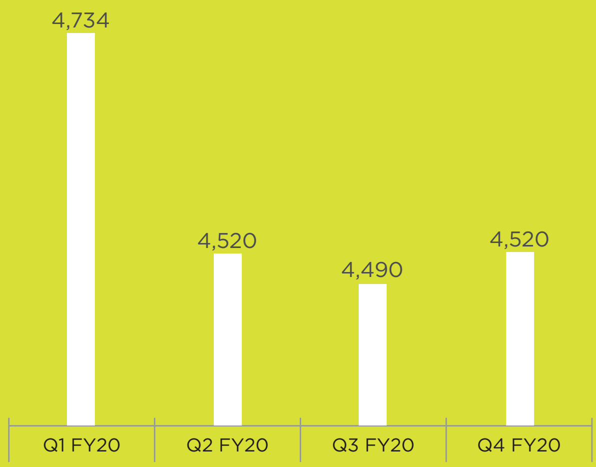
In SME Finance and Affordable Housing, IndoStar took a measured approach towards maintaining steady volumes.

In Corporate Lending, the Company prioritised collections over growth and managed to lower its share in the total portfolio. This segment contributed liquidity for other businesses, and going forward, it expects more of the same to continue.

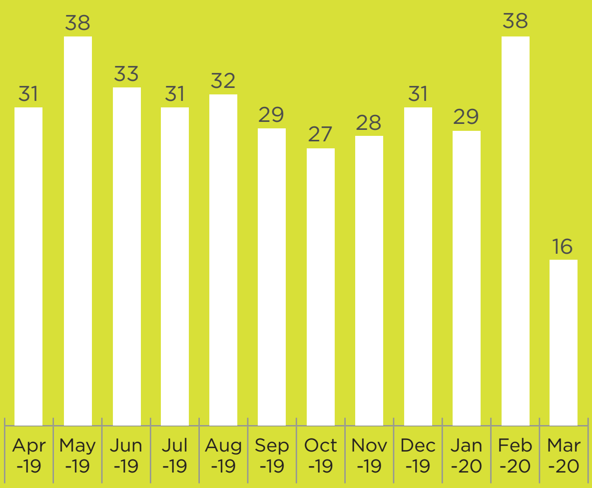
CV Finance - Monthly Disbursement Trend
(₹ crore)



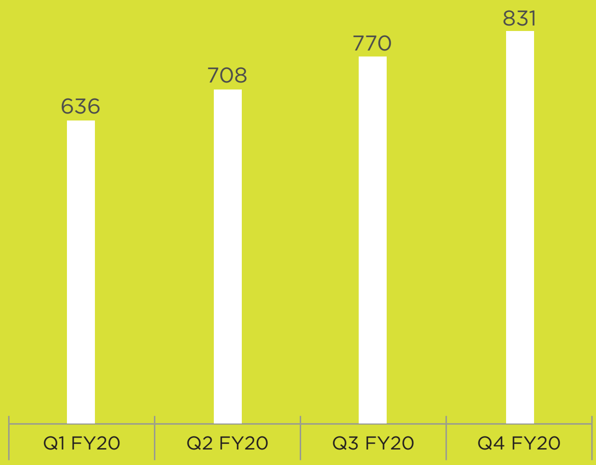
CV Finance AUM
(₹ crore)



Housing Finance - Monthly Disbursement Trend
(₹ crore)

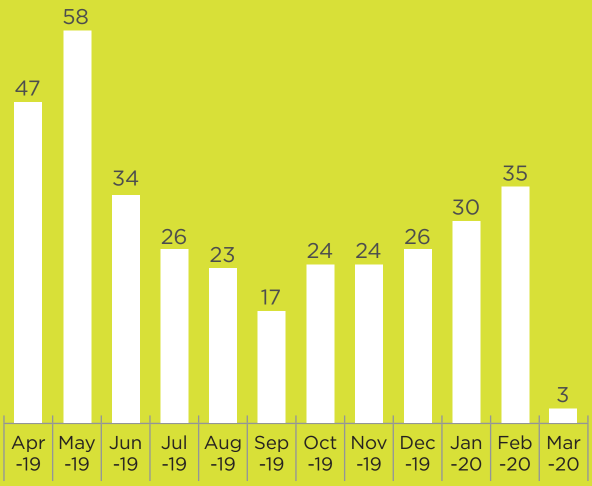


Housing Finance AUM
(₹ crore)

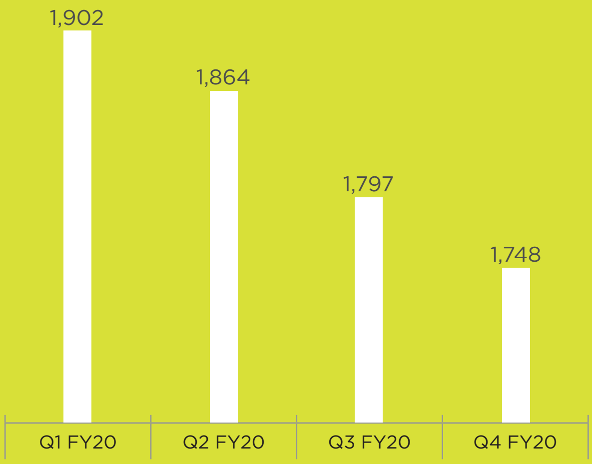


"In SME Finance and Affordable Housing, IndoStar took a measured approach towards maintaining steady volumes.

SME Finance - Monthly Disbursement Trend
(₹ crore)



SME Finance AUM
(₹ crore)



FINANCIAL OVERVIEW

(₹ crore)

Particulars	FY 2019-20	FY 2018-19	YoY variance
Revenue from Operations	1,529	1,221	25%
Interest Expenses	791	564	40%
Net Revenue from Operations	738	657	12%
People Cost	189	149	27%
Operating Expenses	121	97	25%
Pre-provision Operating Profit	428	411	4%
Profit Before Tax	(437)	379	(215)%
Profit After Tax	(325)	241	(235)%

Key Metrics	FY 2019-20	FY 2018-19
Yield	14.6%	13.4%
Cost of Borrowings	10.5%	9.5%
Spread	4.1%	3.9%
NIM	7.0%	7.2%
Cost to Income	42.1%	37.5%

Normalising the COVID impact

To normalise the COVID impact, IndoStar took an additional COVID-19 related credit provisioning of ₹ 280 crore to protect the business from potential stress arising out of the current business environment.

In accordance with the RBI guidelines related to the COVID-19 Regulatory Package announced on March 27 and April 17, 2020, it granted a moratorium to it's customers. With 2/3rd of its portfolio AUM being in the most affected states, it initially offered Moratorium 1.0 of three months to non-NPA customers on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020. With this, March 2020 EMI payments were adjusted against June 2020 billing. Later, as the lockdown was extended, in line with RBI announcements, IndoStar offered Moratorium 2.0 to customers who were unable to make payment due to COVID-related business disruption, with flexibility to grant moratorium from 1-3 months. During lockdown, IndoStar focussed on maintaining portfolio quality and collecting overdues.

Prudent cost management

During the lockdown, IndoStar maintained an enhanced focus on cost control and lined up strategies to reduce operational expenses. Besides ongoing rationalisation in manpower across sales, credit and collection teams, the Company began the process of consolidation of its branch infrastructure to bring down its operational cost. Till date, post IIFL CV book acquisition, it has rationalised and merged 100 branches, and plans to further rationalise its branches in FY 2021. In addition, it also began the exercise of renegotiation with all vendors and landlords.

BUSINESS OUTLOOK

With a strong capital and liquidity position after Brookfield capital infusion, IndoStar Capital Finance remains well poised to capitalise on favourable industry dynamics and multiple opportunities in play and to grow profitably. IndoStar remains optimistic about the growth and outlook of its retail business verticals as the economic environment returns to the new normal of post-pandemic world. The Company expects its growth to be driven by its retail business divisions viz. CV Finance and Affordable Housing Finance followed by SME Finance.

Given its deep domain understanding, highly experienced team, wide branch network and strong financials, the Company is well placed to tap the market opportunities. The Company will make prudent investments in widening its footprint to enable a wider reach and achieve its business aspirations. IndoStar has accelerated the process of digitisation of its lending businesses and expects to considerably improve its efficiency as well as quality going forward.

HUMAN RESOURCES

IndoStar considers its employees as a core element of organisational success. A safe and inclusive work environment is maintained across the organisation, wherein employees can grow both personally and professionally. Through its holistic talent development programmes such as Learn2Grow, IndoLearn, Internal Job Posting, etc. IndoStar aims to promote a culture of constant learning and development. In addition, the Company successfully launched the Learning Management System (LMS) portal. Through this

> The COVID-19 outbreak and the subsequent nationwide lockdown has not only affected the operations of NBFCs but has also raised uncertainty with respect to demand revival, liquidity management and customers' cash flows.

channel, it rolled out multiple mandatory training courses, new HR policies, and a revamped induction policy. The Company believes that learning is an integral part of employee's journey and intends to leverage digital platforms, going forward, to widen access to L&D activities to all employees across the country.

The Company conducts numerous employee engagement activities to empower employees and instil a sense of belonging among them. Townhalls and business meetings, branch visits, zonal meets, weekly interactions, cultural events and celebrations, are among the significant initiatives. 'HR Support Squad' was launched during the year to address and resolve employee concerns. The Company's Reward and Recognition (R&R) policy has created a platform to appreciate and motivate key talent. With the acquisition of IIFL's CV Finance Business, IndoStar welcomed 1,079 experienced employees onboard. As on March 31, 2020, total number of employees at the Company stood at 2,170.

In light of the unprecedented COVID-19 pandemic, IndoStar adopted work from home facility for all employees. Awareness on the virus and ensuing safety guidelines were circulated across the organisation. At the same time, regular communication was maintained with the senior management team to increase employee morale. The Company also discontinued biometric attendance and ensured limited physical meetings. Prior to reopening of branches and offices, all safety protocols including sanitisation drives, screening of employees, rotation-based working, etc. were enforced by the Company.

INFORMATION TECHNOLOGY

Technology is a key differentiator at IndoStar and vital for its business growth and success. The Company continues to make sustained investments in technology to enhance customer experience, improve operational efficiency and support business expansion. The Company has in place a robust technology roadmap which is aligned with its vision of providing a collaborative environment for the front-end teams, back-end teams, customers, and business partners. Leveraging best-in-class technology platforms has made the transaction processing and sharing of information easy, secure, and seamless.

The Company continues to adopt more cloud solutions in line with its technology strategy. A significant feature towards serving employees is the rollout of cloud-based Human Resource Management System for managing entire employee life cycle. During the year, IndoStar launched a revamped corporate website with customer-friendly self-service features including online payment capabilities. In addition, a new cloud-based email and collaboration solution Microsoft Office 365 was rolled out across the enterprise to enhance user experience and handle increased number of users. It brings together best-in-class productivity apps with powerful cloud services, device management, and advanced security in a seamless connected experience.

Further, IndoStar also facilitated major developments in SME business with enablement of co-origination/co-lending framework, technology support for credit guarantee for micro & small business enterprises and rollout of multi bureau CRIF Engine and Document Management System. The Company also rolled out securitisation module and set up an Outbound Contact Centre to improve collection and customer feedback process across Vehicle Finance, SME Finance, and Home Finance.

Determined to combat the COVID-19 pandemic, the Company has established a robust response plan to safeguard its employees and protect its data and facilities. It has introduced a new Data Loss Prevention (DLP) solution and is in the process of bringing in various other security solutions to augment the digital footprint expansion and ensure confidentiality, integrity, and availability of information and information systems.

Going forward, several digital and mobility initiatives centred around digitisation of client experience have been planned to minimise physical contact between people as much as possible. Given that work from home may become new norm in the backdrop of the pandemic, the Company plans to make further investments in secured cloud solutions as remote access to secure, reliable, and flexible systems will become increasingly essential for the foreseeable future. The Company is in the process of implementing mobile apps, customer portal, Inbound Contact Centre, etc. for improved customer service. The business intelligence capabilities are planned to be enhanced for improved analysis and data-driven decision-making.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has well-defined internal control systems commensurate with the size and industry in which it operates. The internal control framework is aimed at ensuring reliable and timely financial reporting and management information, safeguarding

RISK MANAGEMENT

Interest Rate Risk

Volatility in interest rates or any unforeseen movement in rates may pose risk to business operations.

Mitigation

IndoStar considers factors such as customer profile, competitive landscape and growth objectives while deciding on interest rate revisions. It closely monitors interest rate fluctuations and suggests appropriate measures to protect the business.

Asset Liability Management Risk

It is the risk faced due to mismatch between assets and liabilities on account of inadequate liquidity, changes in interest rates, etc.

Mitigation

The Company always maintains adequate liquidity assets and reserves to enable business growth and repayment of obligations. It also ensures access to funds so that liquidity is available in case of unexpected events.

Credit Risk

It is the risk of default or non-repayment of loan by a borrower due to liquidity crisis, economic downturns, bankruptcy or other reasons.

Mitigation

Strong credit underwriting and appraisal processes supported by credit monitoring and collections processes ensure robust portfolio quality. The management is extremely vigilant of any potential spike in delinquency rates through early warning mechanisms and looks to quickly recalibrate its business to avoid any sharp build up in delinquency risks.

Operational Risk

Failure of processes and controls with respect to the operations can have adverse impact on the business continuity, reputation and profitability of the company.

Mitigation

The Company has put in place robust control and audit mechanisms to identify and mitigate operational risks. A strong operating model which has well documented Standard Operating Processes and exception reporting framework ensures risk of operational errors is minimised.

Regulatory Risk

The financial sector is exposed to a complex regulatory framework. Any changes or non-compliance with the regulations may result in monetary losses and damage the reputation of the company.

Mitigation

Strong internal control framework, robust IT systems and an expert team ensure strict adherence to the applicable rules and regulations. The Company closely monitors the policy actions and proactively responds to the changes.

> **"The management is extremely vigilant of any potential spike in delinquency rates through early warning mechanisms and looks to quickly recalibrate its business to avoid any sharp build-up in delinquency risks.**

The Company has deployed KPMG, a leading firm of Chartered Accountants, for verifying the efficacy and effectiveness of internal financial controls as well as conducting an internal audit covering all business verticals. The internal audit function independently reviews the crucial areas based on audit plans, which are then examined and approved by the Audit Committee.

of assets and efficient conduct of business. These internal controls endorse ethical behaviour, sound corporate governance and effective risk management.

The Company has also adopted an Internal Financial Control framework in line with section 134(5)(e) of the Companies Act, 2013 for ensuring the orderly conduct of its business, including adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial information. The Company has appointed an independent audit firm to ensure the effectiveness of internal financial controls which include the following:

- Review entity level controls covering key aspects relating to control environment, control activities, risk management, information, communication and monitoring framework
- Update Risk and Control Metrics (RCMs) for business and support functions for changes in control procedures and coverage of all components of internal financial controls
- Test the design and operating effectiveness of controls for new processes and changes in controls for existing business processes

The Company has deployed KPMG, a leading firm of Chartered Accountants, for verifying the efficacy and effectiveness of internal financial controls as well as conducting an internal audit covering all business verticals. The internal audit function independently reviews the crucial areas based on audit plans, which are then examined and approved by the Audit Committee. These audit plans are formulated on the basis of a risk evaluation exercise to determine the critical areas which need to be reviewed. The internal audit findings are periodically reviewed by the Management Committee and the Audit Committee of the Board. Corrective actions are, thereafter, suggested and are implemented by the process owner across the relevant functional areas to continuously strengthen the internal control framework.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of IndoStar's Annual Report FY 2019-20.

INDOSTAR

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 11th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2020 and comparison with the previous financial year ended March 31, 2019 are summarized below:

(₹ in crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total income	1,470.44	1,177.17
Total expenditure	1,918.11	784.51
Profit before taxation	(447.67)	392.66
Less: Provision for taxation		
- Current tax	0.02	91.86
- Deferred tax asset	(107.59)	45.67
Net profit after taxes	(340.08)	255.13
Other comprehensive income, net of tax	0.47	(0.13)
Total comprehensive income	**(339.61)**	**255.00**
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	-	51.03
Appropriation towards dividend and dividend distribution tax*	22.24	11.12
Surplus in the statement of profit and loss	(361.85)	192.85
Balance brought forward from previous period	899.94	707.08
Balance carried to balance sheet	538.09	899.93
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	(36.85)	28.21
Diluted (₹)	(36.61)	27.62

*includes dividend and dividend distribution tax aggregating to ₹ 11.12 crore towards final dividend for financial year 2018-19 paid in financial year 2019-20.

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

Due to increase in infrastructure and employee expenses on account of expansion of branch network and increase in employee strength and due to conservative accounting approach adopted by the Company for the year under review including write-off of loan assets, your Company booked a loss of ₹ 340.08 crore.

Pursuant to the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder, a provision of ₹ 222.09 crore (previous year: ₹ 163.95 crore) at the rate of 2.85% of outstanding standard assets of the Company was made as at March 31, 2020 and additionally the Company has recorded a management overlay allowance of ₹ 278.44 crore as part of its expected credit loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. For details of Reserves and Surplus of the Company, please refer Note 21 of the audited standalone financial statements of the Company for the financial year ended March 31, 2020.

Partnership with ICICI Bank to finance commercial vehicles

Consequent to the liquidity crisis in the NBFC sector, in order to continue to tap the potential customer reach of your Company, during the year under review, your Company and ICICI Bank Limited entered into a sourcing and servicing arrangement to partner in extending credit to small and medium fleet owners to purchase used and new commercial vehicles across all its branches.

Investment by Brookfield

On January 31, 2020, the Board of Directors of your Company approved (i) issue and allotment of 3,01,72,414 equity shares and 1,20,68,966 compulsorily convertible preference shares ("Subscription Securities") to BCP V Multiple Holdings Pte. Ltd. ("Brookfield"), at ₹ 290 per share, aggregating to an approximate investment of ₹ 1,225 crore in the share capital of the Company ("Preferential Allotment"); and (ii) execution of a share subscription agreement ("SSA") and shareholders' agreement ("SHA") among the Company, Brookfield and Indostar Capital ("ICM"). The SSA and SHA were executed on January 31, 2020 which had also 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 year under review, upon receipt of approval of the shareholders of the Company and regulatory authorities, Brookfield acquired 56.55% stake in the fully diluted share capital of the Company by way of (i) acquisition of Subscription Securities on May 27, 2020 under Preferential Allotment, (ii) acquisition of 2,92,41,258 equity shares of the Company on July 08, 2020, under the Open Offer, and (iii) acquisition of 50,00,000 equity shares of the Company on July 09, 2020, from ICM. Subsequent to completion of the abovementioned acquisitions, in terms of the SHA and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Brookfield is in control of the Company and a promoter of the Company. ICM continues to be in control and be classified as a promoter of the Company.

This strategic investment by Brookfield will enable your Company to leverage Brookfield's expertise in the financial services domain globally to facilitate the raising of external finance, introduce operational improvements and continue to scale the business and will accelerate the pace of achieving your Company's objective of becoming a leading provider of financing and credit solutions for commercial vehicle owners, Affordable Home Finance, Small and Medium Enterprises and emerging SME businesses.

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

During the year under review, there has been no change in the nature of business of your Company. Further, the share of retail assets of the group as a % of total loan assets has increased from 61 % as at March 31, 2019 to 71 % as at March 31, 2020.

No material changes and commitments affecting the financial position of your Company have occurred between the end of year under review and date of this Board's Report.

INITIATIVES TO TACKLE COVID-19

The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organisation, caused the nation to witness a complete lock-down from the last week of March 2020. COVID-19 continues to spread across the globe and in India and has contributed to a significant decline in economic activities and severely impacted the business and operations of your Company and the extent to which the COVID-19 pandemic will impact the Company's financial position will depend on future developments, which are highly uncertain. In the background of this pandemic, your Company's priority has been safety of its employees and your Company has taken the following measures:

Creating Awareness:

Employees are being sensitised and educated about COVID-19 through regular emails and SMS since the first few cases were reported in India.

Changes in Policy & Processes:

- Biometric attendance system was discontinued due to the risks associated with COVID-19 spread;
- All travel/ business meetings were discontinued;
- Activated Business Continuity Plan & Work from Home (WFH) policy

Branch Operations:

Branch opening has been done in a phased manner depending on local situation and rules set up by the local governing authorities. Each branch is thoroughly sanitized before being opened for employees.

Sanitization kits are being dispatched to branches being opened, so that adequate care is taken. Standard Operating Process (SOP) in easy to understand PPT format has detailed instructions for employees as well as precautions to be followed.

Contribution towards the fight against COVID-19

Your Company has collaborated with various non-governmental organisations to contribute towards the fight against COVID-19. Your Company and its employees have through their contribution supported various initiatives for providing PPE kits in hospitals, family essentials including dry ration for the underprivileged and sanitizer dispensers at hospitals.

Grant of Moratorium, a relief measure to customers

In order to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic, the RBI issued various circulars to ensure continuity of viable businesses and households. Your Company has been supportive of RBI's initiative and has provided its borrowers, affected by the pandemic, with moratorium on payment of loan instalments. Your Company believes that this move has enabled borrowers, especially small and medium sized businesses who have availed the facility, to cope with the difficult business conditions caused by the pandemic.

Detailed information on the impact of COVID-19 has been included under the Management Discussion and Analysis Report which forms part of the Annual Report.

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended on the equity shares of the Company, keeping in view the Company's objective of meeting the long term capital requirement for business from internal cash accruals and appropriately rewarding shareholders. Details of the Dividend Distribution Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

During the year under review, Interim Dividend of 10% i.e. ₹ 1 /- per equity share of face value of ₹ 10/- each, for financial year 2019-20 was declared and paid to the shareholders of the Company.

With the intention to conserve cash in the Company inter-alia to meet the uncertainties arising out of COVID-19, your Company has not recommended Final Dividend for financial year 2019-20.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2020.

The audited standalone and consolidated financial statements together with Auditor's Report(s) thereon along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

Your Company has 2 (two) unlisted wholly-owned subsidiaries namely IndoStar Asset Advisory Private Limited ("IAAPL") and IndoStar Home Finance Private Limited ("IHFPL"). Your Company does not have any joint venture(s) / associate company(ies) within the meaning of Section 2(6) of the Act.

During the year under review, there has been no change in the nature of business of the subsidiary companies and there were no additions / deletions in the number of subsidiaries of your Company.

In terms of Regulation 16(1)(c) of Listing Regulations and Company's Policy for Determining Material Subsidiary, IAAPL and IHFPL are not material subsidiaries of your Company.

The audited standalone financial statements of each of the subsidiaries are available on the website of the Company at https://www.indostarcapital.com/investors-corner. Members interested in obtaining a copy of the audited standalone financial statements of the subsidiaries may write to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

IndoStar Asset Advisory Private Limited

IAAPL is enabled under its objects to carry on the business of *inter-alia* advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. Currently, IAAPL acts as an investment manager to IndoStar Credit Fund and IndoStar Recurring Return

Credit Fund, both, Category II Alternative Investment Funds registered with the Securities and Exchange Board of India ("SEBI"). Since IndoStar Recurring Return Credit Fund is not operational, IAAPL has applied to SEBI for surrendering the registration of IndoStar Recurring Return Credit Fund and the application is under process.

The tenor of IndoStar Credit Fund expired on June 09, 2019, and in accordance with the provisions of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, the Board of Directors of IndoStar Asset Advisory Private Limited has approved winding up of the fund. In wake of COVID-19 outbreak and lockdown declared by the government to mitigate the health emergency, since liquidation of assets has been significantly impacted, subsequent to the year under review, IAAPL obtained approval of 75% of unitholders of the IndoStar Credit Fund for extension of timeline for liquidating the fund to June 08, 2021.

During the year under review, the total income of IAAPL was ₹ 1.85 crore (previous year: ₹ 5.68 crore) and the profit after tax was ₹ 0.63 crore (previous year: ₹ 3.23 crore).

IndoStar Home Finance Private Limited

IHFPL is registered with the National Housing Bank to carry on business as a housing finance institution without accepting public deposits and primarily focuses on providing affordable home finance. IHFPL operates in 10 states across India through various branches and has an employee base of over 300 employees.

During the year under review, the total income of IHFPL was ₹ 97.14 crore (previous year: ₹ 42.57 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 14.20 crore (previous year: loss after tax was ₹ 19.07 crore).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations and the circulars, directions, notifications issued by RBI ("RBI Directions"), the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

AWARDS AND RECOGNITIONS

Your Company is a 'Great Place to Work' certified organisation. Being certified as Great Place to Work means that the Company is committed to building and sustaining a culture that drives high performance and trust.

Every year, more than 10,000 organisations from over 60 countries partner with Great Place to Work Institute for assessment, benchmarking and planning actions to strengthen their workplace culture.

In order to get certified the Company undergoes a rigorous process by which Great Place to Work analyses suitability for certification:

- Culture Audit – which consists of organisation demographic, key human resources (HR) matrices, detailed write ups and showcase of HR practices in predefined areas of HR intervention;
- Trust Index Survey – it consists of administering a "Trust Index Survey" to a 30% of the employee base selected on random basis; and
- Post Submission Audit – it includes conducting of telephonic interview to verify and validate the responses submitted during the abovementioned processes.

SHARE CAPITAL

Authorised Share Capital

During the year under review, the authorised share capital of the Company was increased from ₹ 110 crore divided into 11,00,00,000 equity shares of ₹ 10 each to ₹ 165 crore divided into 15,25,00,000 equity shares of ₹ 10 each and 1,25,00,000 preference shares of ₹ 10 each, by creation of additional 4,25,00,000 equity shares of ₹ 10 each and 1,25,00,000 preference shares of ₹ 10 each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, the Company issued and allotted 1,93,500 equity shares pursuant to the exercise of stock options under various employee stock option plans of the Company.

Subsequent to the above mentioned allotments, the issued, subscribed and paid-up share capital of the Company as on March 31, 2020 was ₹ 92,45,09,150/- divided into 9,24,50,915 equity shares.

Subsequent to the year under review, your Company allotted (i) 5,47,000 equity shares pursuant to exercise of stock options, and (ii) 3,01,72,414 equity shares and 1,20,68,966 compulsorily convertible preference shares to BCP V Multiple Holdings Pte. Ltd., by way of preferential allotment.

Consequent to the above mentioned allotments, the issued, subscribed and paid-up share capital of the Company as on date of this Board's Report stands increased to ₹ 1,35,23,92,950/- divided into 12,31,70,329 equity shares and 1,20,68,966 compulsorily convertible preference shares.

Your Company has not issued any equity shares with differential rights as to voting, dividend or otherwise.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At present, the Board of Directors of your Company comprises 8 (eight) Directors of which 3 (three) are Non-Executive Independent Directors, 4 (four) are Non-Executive Non-Independent Directors and 1 (one) is an Executive Director. The Chairman of the Board of Directors is a Non-Executive Independent Director. The Board composition is in compliance with the requirements of the Act, the Listing Regulations and the RBI Directions. Detailed composition of the Board of Directors of the Company has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Appointments and Cessations:

All appointments of Directors are made in accordance with the relevant provisions of the Act, the Listing Regulations, the RBI Directions and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence *inter-alia* to ascertain the 'fit and proper' person status of person proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

During the year under review, Mr. Sameer Sain tendered his resignation from the office of Non-Executive Non-Independent Director of the Company with effect from June 26, 2019 and Mr. Shailesh Shirali was appointed as Whole-time Director of the Company with effect from June 26, 2019.

Subsequent to the year under review, in terms of the SHA executed by the Company with Brookfield and ICM, the Board of Directors at its meeting held on July 10, 2020 approved appointment of Mr. Aditya Joshi and Mr. Sridhar Rengan (both nominated by Brookfield) and Mr. Vibhor Kumar Talreja (nominated by ICM), as Additional Directors in the category of Non-Executive Non-Independent Directors of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company. Further, notice(s) in terms of Section 160 of the Act have been received from Member of the Company, proposing the candidature of Mr. Joshi, Mr. Rengan and Mr. Talreja, as Non - Executive Non-Independent Directors of the Company, which shall be considered by the shareholders at the ensuing Annual General Meeting of the Company. The Board of Directors recommends appointment of Mr. Joshi, Mr. Rengan and Mr. Talreja, as Non - Executive Non-Independent Directors of the Company, at the ensuing Annual General Meeting of the Company. Brief profile(s) of Mr. Joshi, Mr. Rengan and Mr. Talreja has been included in the notice convening the ensuing Annual General Meeting of the Company. Further, subsequent to the year under review, Mr. Bobby Parikh, Non-Executive Independent Director was appointed as Chairman of the Board of Directors in place of Mr. Dhanpal Jhaveri.

Subsequent of Director to the year under review, Mr. Shailesh Shirali, Whole-time Director, Mr. Dinesh Kumar Mehrotra, Non-Executive Independent Director and Mr. Alok Oberoi, Non-Executive Non-Independent Director, resigned from the Board of Directors of the Company with effect from July 10, 2020.

The Board of Directors places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Sain, Mr. Shirali, Mr. Mehrotra and Mr. Oberoi, during their association with the Company.

Re-appointment

Mr. Bobby Parikh's (DIN: 00019437) term as Non-Executive Independent Director on the Board of the Company was expiring on March 04, 2020, and hence the Board of Directors and shareholders of your Company approved re-appointment of Mr. Parikh as Non-Executive Independent Director of your Company for a second term of 5 (five) consecutive years commencing from March 05, 2020 to March 04, 2025. In the opinion of the Board of Directors of your Company, Mr. Parikh possesses requisite qualification, experience, expertise, proficiency and holds high standards of integrity.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Dhanpal Jhaveri, Non-Executive Non-Independent Director, shall retire by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting of the Company. A brief profile of Mr. Jhaveri has been included in the notice convening the ensuing Annual General Meeting of the Company.

Director(s) Declaration and Disclosures

Based on the declarations and confirmations received in terms of the provisions of the Act, the Listing Regulations and the RBI Directions, none of the Directors on the Board of your Company are disqualified from being appointed / continuing as Directors.

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the SEBI, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

The Company has received declaration from all the Non-Executive Independent Director(s), affirming compliance with the criteria of independence as stipulated in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations.

Key Managerial Personnel ("KMP")

During the year under review, following changes took place in the KMP of the Company:

Appointments and Cessation:

During the year under review, Mr. Shirali, who led the Corporate Lending Business of the Company, was appointed as Whole-time Director of the Company and designated KMP with effect from June 26, 2019.

Mr. Pankaj Thapar resigned from the position of Chief Financial Officer ("CFO") of the Company with effect from September 30, 2019. The Board of Directors place on record their sincere appreciation for the valuable contribution and guidance provided by Mr. Thapar during his association with the Company as CFO of the Company. Further, considering Mr. Thapar's experience, performance, role in the Company and in order to continue to obtain guidance from him post his resignation as the CFO, Mr. Thapar continues to be associated with the Company as Director – Strategy.

Considering the extensive expertise and experience in senior roles held by Mr. Amol Joshi in the field of finance, Mr. Joshi was appointed as the Chief Financial Officer of the Company and designated as KMP, with effect from September 30, 2019.

Subsequent to the year under review, Mr. Shailesh Shirali, resigned from the office of Whole-time Director of the Company with effect from July 10, 2020.

Following are the KMPs of the Company as on date of this Board's Report:

1.	Mr. R. Sridhar	-	Executive Vice-Chairman & CEO
2.	Mr. Amol Joshi	-	Chief Financial Officer
3.	Mr. Jitendra Bhati	-	Company Secretary & Compliance Officer

RBI DIRECTIONS

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the Reserve Bank of India as applicable to your Company as a systemically important non-deposit taking non-banking financial company ("NBFC").

Your Company has complied with the provisions of the extant circulars, regulations and guidelines related to foreign investment in India, with respect to the downstream investments.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, your Company being an NBFC, disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised through various modes including bank borrowings, issuance of non-convertible debentures on private placement basis and sale / assignment / securitisation of loan assets of the Company.

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 1,225 crore as bank borrowings (outstanding as on March 31, 2020: ₹ 3,436.49 crore); (ii) ₹ 25 crore through issuance of non-convertible debentures (outstanding as on March 31, 2020: ₹ 2,089.47 crore); and (iii) ₹ 1,653.41 crore by sale / assignment / securitisation of loan assets of the Company. Funds raised through private placement of debentures were utilised for the purpose mentioned in the respective offer documents.

Subsequent to the year under review, Brookfield infused capital of ₹ 1,225 crore which has strengthened the Company's liquidity position and is operating with low debt:equity ratio of 1.8x as on June 30, 2020. This investment not only provides capital funding but also access to new debt financing via Brookfield's relationships with financial institutions.

Applicable disclosures in terms of Regulation 34(3) and Regulation 53(f) of the Listing Regulations as on March 31, 2020 have been provided at **Annexure I** to this Board's Report.

Credit Rating(s)

Your Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies, summarised below:

Particulars / Rating Agencies	Rating	Remarks
Long Term:		
• Debt Programme		The ratings indicate that the instruments have high degree of safety regarding timely servicing of financial obligations and carry low credit risk
CARE Ratings Limited	"CARE AA-"	
India Ratings and Research (Fitch Group)	"IND AA-"	
• Market Linked Debentures		
CARE Ratings Limited	"CARE PP-MLD AA-"	
Short Term Debt Programme / Commercial Paper:		
CRISIL Limited	"CRISIL A1+"	The ratings indicate that the instruments have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk. Short Term Debt Programme / Commercial Paper of your Company carry the highest rating by three major credit rating agencies.
CARE Ratings Limited	"CARE A1+"	
ICRA Limited	"[ICRA] A1+"	

Debt Equity Ratio

Your Company's Debt Equity ratio as on March 31, 2020 stood at 2.5:1.

Capital Adequacy Ratio

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2020, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 25.3% (Tier I Capital to Risk Assets Ratio was 20.4% and Tier II Capital to Risk Assets Ratio was 4.8%), well above the regulatory limit of 15% as prescribed by the RBI for NBFCs.

Subsequent to the year under review, pursuant to investment of approximately ₹ 1,225 crore by Brookfield in equity shares and compulsorily convertible preference shares of your Company, the CRAR of your Company as on June 30, 2020 stood at 37.7%.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2020 stood at ₹ 1,611.01 crore.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E / E300005, were appointed as the Statutory Auditors of the Company at the 6th Annual General Meeting of the Company held on September 30, 2015 for a period of five years and they hold office till the conclusion of the ensuing 11th Annual General Meeting of the Company.

S. R. Batliboi & Co. LLP, Statutory Auditors in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2020, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee.

In terms of the provisions of Section 139 of the Act and in accordance with tenor of S. R. Batliboi & Co. LLP as Statutory Auditors of the Company approved by the members of the Company, S. R. Batliboi & Co. LLP shall cease to hold office as Statutory Auditors of the Company from the conclusion of the 11th Annual General Meeting of the Company.

In terms of Section 139 of the Act read with rules made thereunder, the Audit Committee of the Board after assessing the qualifications and experience of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018 recommended their appointment as Statutory Auditors of the Company for a term of five years to the Board of Directors of the Company. Upon recommendation of the Audit Committee, the Board of Directors has approved appointment of M/s. Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 11th Annual General Meeting of the Company till the conclusion of the 16th Annual General Meeting of the Company.

Your Directors recommend to the members of the Company, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a term of five years i.e. from the conclusion of the 11th Annual General Meeting of the Company till the conclusion of the 16th Annual General Meeting of the Company.

Deloitte Haskins & Sells LLP, being eligible for appointment as Statutory Auditors have consented and confirmed that their appointment, if made, shall be in compliance with the requirements of Section 139 read with Section 141 of the Act read with rules made thereunder.

Secretarial Auditors & their Report

In terms of Section 204 of the Act and Regulation 24A of the Listing Regulations, secretarial audit report from M Siroya and Company, Practicing Company Secretary, in the prescribed format for the financial year ended March 31, 2020 is enclosed herewith at **Annexure II** to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2020 have not submitted any qualifications, reservations, adverse remarks or disclaimers.

MAINTENANCE OF COST RECORDS

Your Company is not required to maintain cost records in terms of Section 148(1) of the Act.

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report for the year under review, including disclosures as stipulated under Regulation 34 read with Schedule V of the Listing Regulations and the RBI Directions is annexed to and forms an integral part of this Board's Report.

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as prescribed under the Listing Regulations is annexed to the Corporate Governance Report.

Meetings

The Board and Committees meet at regular intervals *inter-alia* to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 7 (seven) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committees held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Board Committees

The Board of Directors, in compliance with the requirements of various laws applicable to the Company, as part of the good corporate governance practices and for operational convenience, has constituted several committees to deal with specific matters and has delegated powers for different functional areas to different committees.

The Board of Directors has amongst others, constituted Audit Committee, Credit Committee, Asset Liability Management Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, IT Strategy Committee, Debenture Committee, Internal Complaints Committee(s), Banking Committee, Investment Committee and Grievances Redressal Committee.

Details with respect to the composition, terms of reference, number of meeting(s) held and attended by respective member(s), roles, powers and responsibilities of the Committee(s) have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

PERFORMANCE EVALUATION

In terms of the provisions of the Act and the Listing Regulations, the Board of Directors adopted a 'Board Performance Evaluation Policy' to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairperson. Additionally, in order to outline detailed process and criteria to be considered for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 23, 2020 to *inter-alia* review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity.

Subsequent to the year under review, the Board of Directors evaluated the performance of the Directors including Independent Directors, Committee(s) of the Board and the Board as a collective entity, during the year under review.

A statement indicating the manner in which formal evaluation of the performance of the Board, Committee(s) of the Board, individual Directors including the Chairman, during the year under review was carried out, is provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors of your Company were familiarized *inter-alia* with the industry in which your Company and its subsidiaries operate, Company's business model and operations, in order to give them an insight in to the Company's business and its functioning. The Independent Directors were also familiarized with their roles, rights and responsibilities as Independent Directors of the Company.

Details of familiarisation programmes imparted to the Independent Directors during the year under review including details of number of programmes and number of hours spent by each Independent Director are hosted on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 of the Act, the Listing Regulations and the RBI Directions, the Board of Directors adopted a 'Policy on Selection Criteria/ "Fit & Proper" Person Criteria' *inter-alia* setting out parameters to be considered for appointment of Directors and Senior Management Personnel of the Company.

Details of the Policy on Selection Criteria/ "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

In terms of Section 178 of the Act and the Listing Regulations, the Board of Directors adopted a 'Remuneration Policy' *inter-alia* setting out the criteria for determining remuneration of Executive Directors, Non-Executive Directors, Senior Management and other employees of the Company.

Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Employee Remuneration

In terms of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees of the Company have been provided at **Annexure III** to this Board's Report.

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

The Board of Directors confirms that the remuneration paid to the Directors was as per the Remuneration Policy of the Company.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a 'Whistle Blower Policy/Vigil Mechanism' *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company and provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

Details of the Whistle Blower Policy/Vigil Mechanism have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and in light of your Company's philosophy of being a responsible corporate citizen, the Board of Directors adopted a 'CSR Policy' which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities. During the year under review, the CSR Policy of the Company was amended to enhance the areas / fields in which the Company can undertake its CSR activities by including disaster management within the scope of Company's CSR programmes. In terms of the CSR Policy, Company's CSR activities are focused in the fields of education, women empowerment, environment, sanitation & water, healthcare and humanitarian relief.

Details of the composition of the CSR Committee and the CSR Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Disclosures in terms of Section 134(3)(o) and Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, with respect to CSR activities undertaken by the Company during the year under review have been provided at **Annexure IV** to this Board's Report.

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the business and functions, if any, are systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a 'Risk Framework and Policy' which *inter-alia* integrates various elements of risk management into a unified enterprise-wide policy.

The Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your Company. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

In terms of the RBI Directions and in order to further strengthen the risk management framework of the Company, during the year under review, the Company appointed a Chief Risk Officer ("CRO") and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company. The CRO is *inter-alia* entrusted with the responsibility of identifying, measuring and mitigating risks which may affect the Company and putting in place and monitoring the risk management policies and practices of the Company.

Details of the Risk Framework and Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's well-defined organisational structure, documented policies, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal system / policies and applicable laws. The internal control system / policies of your Company are supplemented with internal audits, regular reviews by the management and checks by external auditors. The Audit Committee and the Board of Directors monitor the internal controls system / policies of your Company. The Risk Management Committee and the Audit Committee periodically review various risks associated with the Company along with risk mitigants and ensure that they have an integrated view of risks faced by the Company. The Board of Directors is of a view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

During the year under review, the Company has initiated the process of setting up an in-house Internal Audit Department. The in-house Internal Audit Department will supplement the internal control systems and processes already adopted, developed and followed by the Company.

To the best of our knowledge and belief, and according to the information and explanations obtained by us, and based on the report(s) of Statutory Auditors and submission(s) by Internal Auditors of the Company for the financial year under review, the Board of Directors is of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently and further confirm that:

(i) the Company has comprehensive internal financial control systems that are commensurate with the size and nature of its business;

(ii) the Company has laid down standards, processes and structures which enable implementation of internal financial control systems across the organisation and ensure that the same are adequate and operating effectively;

(iii) the systems are designed in a manner to provide reasonable assurance about the integrity and reliability of the financial statements;

(iv) the Company adopts prudent lending policies and exercises due diligence to safeguard its loan asset portfolio; and

(v) the loan approval process involves origination and sourcing of business leads, credit appraisal and credit approval in accordance with approved processes / matrices.

CEO AND CFO CERTIFICATE

Compliance Certificate in terms of Regulation 17(8) of the Listing Regulations on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by the Executive Vice-Chairman & CEO and the Chief Financial Officer of the Company, for financial year ended March 31, 2020 is enclosed herewith at **Annexure V** to this Board's Report.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report (BRR) of your Company detailing initiatives undertaken by the Company on environmental, social and governance front during the year under review, forms part of this Annual Report and has been provided at **Annexure VI** to this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

In terms of the provisions of the Act, the Listing Regulations and the RBI Directions, the Board of Directors adopted 'Related Party Transaction Policy' to ensure obtaining of proper approvals and reporting of transactions with related parties.

In terms of Section 177 of the Act and Regulation 23 of the Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval.

During the year under review, your Company had not entered into any related party transactions covered within the purview of Section 188(1) of the Act, and accordingly, the requirement of disclosure of related party transactions in terms of Section 134(3)(h) of the Act in Form AOC – 2 is not applicable to the Company. All other transactions with related parties, during the year under review, were in compliance with the Related Party Transaction Policy. Further, during the year under review, the Company had not entered into transactions with related parties which could be considered to be 'material' in accordance with the Related Party Transaction Policy of the Company.

Disclosure of the related party transactions as required under Ind AS - 24 are reported in Note 31 of the audited standalone financial statements of the Company for the financial year ended March 31, 2020.

Details of the Related Party Transaction Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the provisions of Section 186 in respect of loans made, guarantees given, securities provided or any investment made by the Company are not applicable to the Company.

EXTRACT OF ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at financial year ended March 31, 2020 in the prescribed Form MGT-9 has been provided at **Annexure VII** to this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivise employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented IndoStar ESOP Plan 2012 ("ESOP 2012"), IndoStar ESOP Plan 2016 ("ESOP 2016"), IndoStar ESOP Plan 2016-II ("ESOP 2016-II"), IndoStar ESOP Plan 2017 ("ESOP 2017") and IndoStar ESOP Plan 2018 ("ESOP 2018") (collectively referred to as "ESOP Plans") to attract, retain, motivate and incentivise employees of the Company and its holding / subsidiary companies.

The ESOP Plans of the Company are implemented and administered by the Nomination & Remuneration Committee.

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations"). In terms of Regulation 13 of the SEBI ESOP Regulations, certificate from Statutory Auditors of the Company certifying that the ESOP Plans have been implemented in accordance with the SEBI ESOP Regulations and the resolutions passed at the respective general meeting(s) in this regard, shall be available for inspection during the ensuing Annual General Meeting of the Company.

Disclosure with respect to the ESOP Plans in terms of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 have been provided at **Annexure VIII** to this Board's Report.

Disclosures in terms of Regulation 14 of the SEBI ESOP Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the website of the Company at https://www.indostarcapital.com/investors-corner.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Consistent with its core values, your Company is committed to create an environment in which all individuals are treated with respect and dignity and promote a gender sensitive and safe work environment. Accordingly, the Board of Directors adopted a 'Care & Dignity Policy' and also constituted an Internal Complaints Committee, in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Considering geographic diversification throughout the country and increase in number of employees, the Board of Directors also constituted Regional Internal Complaints Committees for North, West and South regions.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is engaged in the financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report. Your Company is vigilant on the need for conservation of energy.

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 1.04 crore (Previous year: ₹ 1.16 crore).

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, no orders have been passed against your Company by any regulator(s) or court(s) or tribunal(s) which would impact the going concern status and / or the future operations of your Company.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, the Directors hereby confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed and no material departures have been made from the same;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) they have taken proper and sufficient care for the 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 fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPRECIATION AND ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the National Housing Bank, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, the BSE Limited, the National Stock Exchange of India Limited, the Depositories, Bankers, Financial Institutions, Members, Customers and Employees of the Company for their continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

By the Order of the Board of Directors
For **IndoStar Capital Finance Limited**

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 12, 2020

ANNEXURE I

Disclosures pursuant to Regulation 34(3) and Regulation 53(f) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2020

I. **Related Party Disclosure:**

Sr. No.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans / advances / investments outstanding during the year	Details
1	**Holding Company:**	• Loans and advances in the nature of loans to subsidiaries by name and amount	--
	Indostar Capital, Mauritius	• Loans and advances in the nature of loans to associates by name and amount	N.A.
		• Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount	--
2	**Subsidiary Company(ies):**	• Loans and advances in the nature of loans to parent by name and amount	N.A.
	IndoStar Asset Advisory Private Limited	• Loans and advances in the nature of loans to associates by name and amount	--
	IndoStar Home Finance Private Limited	• Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount	--
3	**Holding Company:** Indostar Capital, Mauritius	Investment by the loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan	--

II. Transactions of the Company with any person or entity belonging to the promoter / promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results – **None**

ANNEXURE II

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
One Indiabulls Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai - 400013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to relevant and applicable provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and

h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;

b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

f. Master Direction - Information Technology Framework for the NBFC Sector;

g. Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year);

h. Master Direction - Know Your Customer (KYC) Direction, 2016;

i. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and

j. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

We have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as applicable;

2. The Debt Listing Agreement entered by the Company with the BSE Limited ("BSE"); and

3. The Equity Listing Agreement entered by the Company with the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Circulars, Notifications, Directions, Guidelines, Standards, etc. mentioned above, subject to the following observations:

1. The managerial remuneration paid/provided by the Company for the year ended March 31, 2020 is in excess of the limits provided under Section 197 of the Act read with Schedule V of the Act by INR 827.89 Lakhs. The Company has informed us that it proposes to seek approval of the Members of the Company by way of special resolution in the ensuing Annual General Meeting.

2. We have noted that one e-form MGT 14, filed on December 28, 2019 vide SRN R27517150, was submitted beyond the prescribed time limit of 30 days with additional fee.

Other Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Stamps Acts and Registration Acts of respective states;

3. Acts as prescribed under Direct Tax and Indirect Tax;

4. Land Revenue laws of respective states;

5. Labour Welfare Acts of respective states;

6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and

7. Such other Local laws as applicable to the Company and its offices/ branches.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made thereunder and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried out with unanimous approval of the Board and no dissenting views were observed, while reviewing the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, circulars, notifications, directions and guidelines.

We further report that during the audit period the Company has undertaken following event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, acts, rules, regulations, circulars, notifications, directions, guidelines, standards:

i. The Board of Directors at their meeting held on August 8, 2019, inter-alia, approved:

   a) Appointment of Mr. Amol Joshi as Chief Financial Officer w.e.f. September 30, 2019;

   b) Grant of loan to IndoStar Home Finance Private Limited, a wholly owned subsidiary of the Company such that aggregate outstanding at any point does not exceed INR 500 crore.

ii. Members at their Annual General Meeting held on August 30, 2019 ("AGM"), inter-alia approved the following(s):

   a) Declare Final Dividend at rate of 10% i.e. INR 1/- per equity share of face value of INR 10/- each, for the financial year ended March 31, 2019;

   b) Re-Appointment of Mr. Bobby Parikh as a Non-Executive Independent Director for a second term of 5 (five) consecutive years commencing from March 05, 2020 to March 04, 2025;

   c) Increase in the Borrowing Limits under section 180(1)(c) of the Company upto INR 25,000 crore, over and above the aggregate, for the time being, of the paid-up share capital, free reserves and securities premium of the Company;

   d) Issue of Non-Convertible Debentures under Private Placement, during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the AGM, for aggregate principal amount not exceeding INR 10,000 crore;

   e) Increase in aggregate limit of investment and holding by foreign portfolio investors upto 50% of the paid-up equity share capital of the Company;

   f) Sale / Assignment / Securitisation of loan receivables of the Company upto INR 5,000 Crore during a financial year; and

   g) Appointment of Mr. Shailesh Shirali as a Whole-Time Director.

iii. The Board of Directors at their meeting held on November 7, 2019, inter-alia declared an Interim Dividend at rate of 10% i.e. INR 1/- per equity share of face value of INR 10/- each, for financial year 2019-20.

iv. Members at their Extra Ordinary General Meeting held on March 1, 2020 ("EGM"), inter-alia, approved the following by way of special resolution:

   a) Increase of Authorised Share Capital of the Company from INR 1,10,00,00,000 to INR 1,65,00,00,000 and consequent alteration of Clause V(A) of the Memorandum of Association of the Company; and

   b) Issuance of 3,01,72,414 equity shares of the face value of INR 10 each at a price of INR 290 each and 1,20,68,966 compulsorily convertible preference shares having face value of INR 10 each ("Preference Shares"), at a price of INR 290 each on a preferential basis and matters related therewith.

v. During the period under review, the Company allotted 1,93,500 equity shares of face value of INR 10/- each fully paid up, on exercise of employees stock options by employees, in accordance with the IndoStar ESOP Plan(s).

vi. During the period under review, the Company allotted 250 Non-Convertible Debentures on Private Placement basis aggregating to INR 25 crore which were listed on the wholesale debt segment of the BSE Limited.

vii. During the period under review, the Company redeemed 7,500 Non-Convertible Debentures of face value of INR 10 Lakh each, aggregating to INR 750 Crore and 480 Non-Convertible Debentures of face value of INR 1 Crore each, aggregating to INR 480 crore.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682B000571742

Place: Mumbai
Date: August 12, 2020

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
IndoStar Capital Finance Limited
One Indiabulls Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai- 400013.

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. In view of the restrictions imposed by the Government of India on movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records as the physical verification was not possible.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682B000571742

Place: Mumbai
Date: August 12, 2020

ANNEXURE III

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2020

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. R. Sridhar	357.17
		*Mr. Shailesh Shirali	89.29
		Mr. Bobby Parikh	NA
		Mr. Dinesh Kumar Mehrotra	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		#Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO/ CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. R. Sridhar	82%
		*Mr. Shailesh Shirali	NA
		Mr. Bobby Parikh	NA
		Mr. Dinesh Kumar Mehrotra	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		#Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Amol Joshi (CFO) (Appointed as CFO w.e.f. September 30, 2019)	NA
		Mr. Pankaj Thapar (CFO) (Resigned as CFO w.e.f. September 30, 2019)	(35)%
		Mr. Jitendra Bhati (CS)	(27)%
3.	The percentage increase in the median remuneration of employees in the financial year	4%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	1,851	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The percentage decrease in the average salaries of employees other than the managerial personnel was 29.36%. The percentage increase in the average remuneration to managerial personnel was 13.64%. Recognizing the valuable services granted by Mr. R. Sridhar to the Company and his role in the investment transaction with Brookfield (details of which are mentioned in the Board's Report), your Company executed a contract with Mr. R. Sridhar pursuant to which additional variable payment was made to Mr. R. Sridhar for FY 2019-20, resulting in increase in payment of remuneration made to Managerial Personnel in comparison to other employees of the Company.	
6.	Affirmation that the remuneration is as per Remuneration Policy of the Company	It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.	

*Appointed with effect from June 26, 2019 (Remuneration has been annualised)

#Resigned with effect from June 26, 2019

Note:

Sitting fees paid to Non-Executive Independent Directors has not been considered as remuneration.

ANNEXURE IV

Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

   In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a CSR Policy in furtherance of the Company's objective to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen. The CSR Policy *inter-alia* includes the following:

   - The list of CSR projects or programs which the Company can undertake (within the purview of Schedule VII of the Companies Act, 2013);
   - Activities which will not be considered as CSR activities;
   - The CSR budget of the Company;
   - The implementation process;
   - Role and responsibility of the Board and CSR Committee;
   - Monitoring and reporting framework.

   The CSR Policy adopted by your Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Overview of projects / programs undertaken / proposed to be undertaken:

Promoting Education
Avasara Leadership Institute: Avasara Academy & Avasara Leadership Fellows
Salaam Bombay Foundation
Rays of Hope Charitable Trust : Priyanj Special School
Masoom: Night School Education Transformation Program
Punyabhushan Foundation: Password Campaign
Modern English School
TASK
Women Empowerment
Janvikas: Driverben
Smile Foundation: Saksham Kishori
Healthcare
Shanmukhanandha Medical Centre
Cancer Patients Aid Association: HR-HPV Screening of Cervical Cancer
Vision Foundation of India
United Way of Mumbai: Anti - COVID – 19
Humanitarian Relief
Mumbai Roti Bank
Sanitation
Habitat for Humanity India
Environment
Voluntary Organisation for People Empowerment of Rural Areas by Youth Project (VETRY): Mass Tree Plantation program

Promoting Education

a. **Avasara Leadership Institute – Avasara Academy & Avasara Leadership Fellows**

   Your Company continued to support Avasara Leadership Institute ("ALI") for the fifth year, by contributing towards two of its programs namely Avasara Academy and Avasara Leadership Fellows.

Avasara Academy: Avasara Academy is a first-of-its kind residential secondary school for girls aged between 12-18 years which aims at enabling girls from economically weaker sections of the society to emerge as confident leaders. It provides a holistic educational experience that cultivates both academic and leadership potential, fully equipping each student with the skills and abilities to serve as a successful leader in her community and affect positive change in the world around her. Through the efforts and success of each of the Avasara girls, they believe that the deep-rooted mindsets that have held women in India back for generations can and will change. Located in Lavale Valley in Pune, the Academy offers the internationally recognized Cambridge Curriculum and a supplementary curriculum in Leadership, Entrepreneurship and Indian Studies.

During the year under review, your Company contributed an amount of ₹ 49.00 lacs to Avasara Leadership Institute for its program Avasara Academy. Through your Company's support, Avasara Academy supported education of 14 students.

Avasara Leadership Fellows ("ALF"): The ALF Program is a selective, intensive after-school enrichment program for girl students from 8th to 9th grade. All ALF girl students come from low-income backgrounds. The ALF aims at providing a range of opportunities and experiences to develop the personal leadership style among the girl students and help them achieve academic excellence.

During the year under review, your Company contributed an amount of ₹ 20.02 lacs to Avasara Leadership Institute for its program ALF. Through your Company's support, ALF supported education of 75 students.

b. Salaam Bombay Foundation

Salaam Bombay Foundation aims to help adolescents by highlighting to them the importance of education in order to increase their self-esteem & confidence and shape them into role models. The foundation trains its students by way of field and exposure visits, guest sessions & certifications and monitoring and evaluation till they complete class 10. Specific 6 hours training on financial literacy is also conducted for the students.

During the year under review, your Company contributed an amount of ₹ 63.00 lacs to Salaam Bombay Foundation. Through your Company's contribution the foundation supported 800 students from Pune, Bangalore and Jaipur.

c. Rays of Hope Charitable Trust – Priyanj Special School

Your Company continued its support to Priyanj Special School for the second year. Priyanj is a school for children having autism founded by Rays of Hope Charitable Trust. Priyanj provides special education services like remedial teaching, behaviour therapy, computing skills, social skills, daily living skills, arts and crafts and also covers occupational therapy services, speech therapy, vocational training and other extra – curricular activities. Priyanj aims to make each child independent by identifying their talent and developing the same.

During the year under review, your Company contributed an amount of ₹ 20.00 lacs to Priyanj Special School. Your Company's contribution was utilised for education of 14 children with autism.

d. Masoom - Night School Education Transformation Program (NSTP)

Masoom is a non-governmental organisation dedicated to provide second chance education (SCE) for young men and women who lost educational opportunities due to financial pressures and family responsibilities, through the night schools. Night Schools aim to address the drop out by re–engaging those who have had to drop out from day school, by offering them a night school option. Night Schools' uniqueness lies in its timing and the targeted student population. Night Schools run in the evening from 6.30 pm to 9.30 pm, to serve migrant /working class population of the city who have either dropped out of school in earlier grades or have never gone to school. These students cannot go to day schools due to their working hours or age barriers. The second chance education through night schools and career support programme through Masoom career cell aims to break current trends and provide a comprehensive solution for marginalized men and women who have missed out on education and who are at risk of being left behind.

During the year, Company contributed an amount of ₹ 18.25 lacs to Masoom for its program NSTP. Your Company's contribution was utilised to support educational and supporting activities for 55 students.

e. Punyabhushan Foundation – Password Campaign

Your Company continued its support to Punyabhushan Foundation for the third year. Punyabhushan Foundation was established in the year 1989 and got formally registered as a Trust in the year 1999 to undertake social, educational and cultural activities, programs and projects to create awareness among youngsters and sensitize them on various social, educational and cultural issues of Maharashtra. It was established with a mission to promote and conserve rich traditions and heritage of Maharashtra through various social, educational, cultural & environmental activities & projects.

Your Company supported the Password Campaign of Punyabhushan Foundation which aims at enhancing reading and learning skills and competencies of school children with focus on students of 5th to 10th grade. Password is a magazine which contains interactive inspiring stories contributed by renowned scientists, social workers and prominent personalities of national repute. The overall contents of Password help students to develop learning skills, thinking ability and competencies to develop innovative thinking and communication skills.

During the year under review, your Company contributed an amount of ₹ 15 lacs to Punyabhushan Foundation for its Password Campaign.

Punyabhushan Foundation could engage 3,000 students in Pune, Aurangabad, Ahmednagar areas, in its activities through your Company's support.

f. **Modern English School**

The Modern English School is a non-profit charitable organisation registered under the Bombay Public Trust Act. Modern English School has around 1,650 students of which 30% come from the economically weaker sections of the society. In order to supplement traditional teaching methods with new age technology and upgraded learning systems, the school has initiated the process to scale to digital classrooms. The school had already converted 12 classrooms in to digital classroom and required support for digitizing remaining 6 classrooms.

During the year under review, Company contributed an amount of ₹ 1.50 lacs to Modern English School for digitising one classroom.

g. **TASK**

Task is an organisation which has been formed to provide vocational facilities to differently abled adults by way of conducting training sessions at regular intervals. Training is provided in the field of block printing, soap making, terracotta jewellery making & painting, various painting work etc. The products made during these training sessions are sold and earnings are shared with the participants. Task ensures that complete learning shall be on no cost / with some earning basis.

During the year under review, Company contributed an amount of ₹ 0.55 lacs to Task for vocational trainings for 25 special need persons.

Women Empowerment

h. **Janvikas - Driverben**

Janvikas is a public charitable trust which became operational in 1987 and today is recognized as a leading development and support institute. Goal of Janvikas is to contribute towards building and strengthening a just, democratic and secular society and to bring about concrete and sustainable changes in the lives of the poor, marginalized and disadvantaged communities so that they can lead a life with dignity and social justice. Through its project 'Driverben', Janvikas encourages and trains women to become professional commercial drivers. Selected women are trained to enhance awareness in areas such as legal rights, first aid, self-defense, English language, personal presentation, hygiene, financial literacy and essential driving skills. Driverben aims at helping women with livelihood opportunities.

During the year under review, your Company contributed an amount of ₹ 13.76 lacs to Janvikas. Through your Company's contribution Janvikas mobilized 10 women from the community out of which 5 women enrolled / registered in Driverben.

i. **Smile Foundation – Saksham Kishori**

Your Company continued its support to Smile Foundation for the second year. Smile has started an initiative called 'Saksham Kishori' with an aim to facilitate education for girls. Smile is a 17 year old organisation having over 152 projects in 25 States of India and works to empower underprivileged children, youth and women through the relevant education, innovative healthcare and market-focused livelihood programs.

During the year under review, your Company contributed an amount of ₹ 22.48 lacs to Smile Foundation for its program Saksham Kishori. Your Company's contribution was utilised for education of 500 adolescent girls (250 girls each in Delhi and Chennai) and 50 adolescent girls for scholarship (25 girls each in Delhi and Chennai).

Healthcare

j. **Shanmukhanandha Medical Centre**

Your Company continued its support to Shanmukhanandha Medical Centre for the second year. Shri Shanmukhanandha Fine Arts and Sangeetha Sabha is a unique institution that combines Fine Arts and Health Care. The institute in the last 45 years of its efforts, has established outreach facilities to the poor and deserving, either free or at highly subsidized rates and presently extend its services in the areas of dialysis, eye-care, lifestyle diseases and management, physiotherapy, homeopathy and pathology. The institution through medical camps brings healthcare virtually at the doorsteps of the people in far-flung slums and in schools in the nearby areas of Mumbai. The Institution continues to provide dialysis to poor and needy patients at highly subsidized rates and also attracts a wide cross-section of general practitioners for updates and recent trends in medicine.

During the year under review, your Company contributed an amount of ₹ 34.00 lacs to Shanmukhanandha Medical Centre. Your Company's support was utilized for over 2,505 dialysis procedures for 467 patients and 186 eye care treatments.

k. Cancer Patients Aid Association: HR-HPV Screening of Cervical Cancer

Your Company continued its support to Cancer Patients Aid Association ("CPAA") for the second year. CPAA is an NGO registered with the Charity Commissioner since 1970. CPAA was supported by your Company for the second year. The vision of CPAA is 'Total Management of Cancer', with the goal to support socio-economically underprivileged cancer patients. CPAA emphasizes cancer awareness amongst the masses through interactive sessions highlighting the facts, misconceptions and myths associated with lifestyle choices like tobacco habits, alcohol, obesity; and early detection of several cancers through screening camps for all sectors of the society including schools, colleges, slums, corporates etc.

CPAA's program 'HR-HPV Screening for Cervical Cancer' screens lower income group women for cervical cancer with an aim to detect cancer an early stage.

During the year under review, your Company contributed an amount of ₹ 5.00 lacs to CPAA for the said program through United Way of Mumbai. Your Company's contribution was utilized for sensitizing 267 women from low and middle income families towards cervical cancer and to be tested for HPV.

l. Vision Foundation of India

Vision Foundation of India ("VFI") was established in 1993 with the main objective of financially helping needy people of the country for eye surgeries. Activities of VFI are spread over 19 states of India and aims at eradicating curable blindness.

During the year under review, your Company contributed an amount of ₹ 1.50 lacs to VFI for providing eye surgeries to 166 patients across 19 states.

m. United Way of Mumbai: Anti - COVID – 19

Considering the spread of the novel Coronavirus (COVID-19) in India, the Company had been studying ways to support the anti COVID-19 campaign and accordingly contributed ₹ 3 lacs to United Way of Mumbai towards its project of providing Personal Protective Equipment (PPE) kits for hospital staffs (doctors, nurses and technicians) for a month. The kits included N95 mask, ply disposable mask, surgical cap, surgical goggles, waterproof gown, shoe covers, and gloves.

During the year under review, your Company contributed an amount of ₹ 3 lacs to United Way of Mumbai for distributing PPE kits. Your Company's contribution was utilized to distribute 221 PPE kits at various hospitals such as Kasturba Hospital, KEM Hospital, Bhabha Hospital, Rajawadi Hospital or HBT Trauma Centre.

Subsequent to the year under review, in addition to your Company's effort to contribute to the society, the employees of your Company donated approx. ₹ 10 lacs to help in the fight against COVID-19, to support our frontline warriors and families of daily wage earners, migrants, construction workers, rag pickers, etc. With the amount collected, we were able to provide for:

- Health kits to 150 Police Force in Nagpur, Maharashtra
- Family essential kits for 100 families of the visually impaired community in Vangini, Maharashtra
- Dry Ration to the marginalized families in identified areas across Tamil Nadu and Uttar Pradesh
- Dry ration and basic necessity kits to 150 underprivileged families in Delhi, Rajasthan and Gujarat

Humanitarian Relief

n. Mumbai Roti Bank

Your Company continued its support to Mumbai Roti Bank ("MRB") for the second year. MRB is a non-profit organisation, bridging the gap between hunger and excess food. Under the mentorship of Mr. D. Sivanandhan, former Commissioner of Police, Maharashtra, MRB started its operations on December 23, 2017 with an aim to eliminate hunger, malnutrition and food wastage. MRB normally picks up excess food from weddings, events, hotels, cafeterias, housing societies and delivers it to thousands of hungry people who live in slums or on the footpath.

During the year under review, your Company contributed an amount of ₹ 5 lacs to MRB which was utilised for its operations.

Sanitation

o. Habitat for Humanity India

Habitat for Humanity aims at building school sanitation and also educating students in hygiene through behavior change communication. Schools selected for sanitation are the ones where girl students are more in number.

During the year under review, your Company contributed an amount of ₹ 74.66 lacs to Habitat for Humanity and your Company has supported school sanitation projects in 4 states – Uttarakhand - Dehradun, Gujarat - Ankleshwar, Telangana - Hyderabad and Tamil Nadu - Chennai which included covering 876 students and 33 teachers.

Environment

p. Voluntary Organisation for People Empowerment of Rural Areas by Youth (VETRY): Mass Tree Plantation Program

VETRY is an NGO founded in 2001 by TR Sivaram, Managing Director of Royal Classic Group, which caters to the social needs through many social welfare projects. VETRY aims to fight back against climate change and deforestation by planting more trees. VETRY works as a facilitator for government welfare scheme to reach farming community such as getting subsidy of drip irrigation and solar motor pumps, so that more acreage can be converted into green cover in coming years. It also helps farmers who lost their hope in farming because of less water or no water, to get back into farming activities with inter cropping vegetables within the tree farming lands. VETRY has also started a farm school to teach organic farming techniques along with tree plantations.

During the year under review, your Company contributed an amount of ₹ 45.70 lacs to VETRY for its project 'A Mass Tree Plantation Program' under which 1,35,010 trees were planted in Tirupur.

2. Composition of the CSR Committee:

Name of the Director	Category	Status
Mr. Dinesh Kumar Mehrotra	Non-Executive Independent Director	Chairman
Mr. Dhanpal Jhaveri	Non-Executive Non-Independent Director	Member
Mr. R. Sridhar	Executive Director	Member
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Member

Subsequent to the year under review, the CSR Committee was reconstituted by appointment of Ms. Naina Krishna Murthy as Chairperson, appointment of Bobby Parikh, Non-Executive Independent Director and Mr. Sridhar Rengan, Non Executive Non-Independent Director as Members and cessation of Mr. Dinesh Kumar Mehrotra as Chairman and Member of the Committee.

3. **Average net profit of the Company for the last three financial years prior to financial year ended March 31, 2020:**

   ₹ 358 Crore calculated as per Section 198 of the Companies Act, 2013.

4. **Prescribed CSR Expenditure (2% of ₹ 358 Crore): ₹ 7.16 crore**

5. **Details of CSR spent during the financial year:**

Particulars		₹ in Crore
a.	Total amount spent for the financial year	3.92
b.	Amount unspent	3.24

c. **Manner in which the amount spent during the financial year is detailed below:**

Sr. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.a.	Avasara Academy	Promoting education among children/ women, empowering women and enhancing women employment	Local Area - Mumbai, Maharashtra and Other - Pune, Maharashtra	₹ 69.02 lacs	₹ 49 lacs	₹ 187.72 lacs (FY 2015-16: ₹ 50 lacs; FY 2016-17: ₹ 18.72 lacs; FY 2017-18: ₹ 35 lacs; FY 2018-19: ₹ 35 lacs; FY 2019-20: ₹ 49 lacs)	Implementing Agency – Avasara Leadership Institute, a Company registered under Section 25 of the Companies Act, 1956 (Not for Profit Company)
1.b.	Avasara Leadership Fellows				₹ 20.02 lacs	₹ 92.30 lacs (FY 2016-17: ₹ 31.28 lacs; FY 2017-18: ₹ 20 lacs; FY 2018-19: ₹ 21 lacs; FY 2019 – 20: ₹ 20.02 lacs)	
2.	Salaam Bombay Foundation	Promoting education among children	Local Area - Mumbai, Maharashtra and Other - Jaipur, Rajasthan; Banglore, Karnataka; Pune, Maharashtra	₹ 63.00 lacs	₹ 63.00 lacs	₹ 63.00 lacs	Implementing Agency - Salaam Bombay Foundation - a Company registered under Section 25 of the Companies Act, 1956 (Not for Profit Company)
3.	Priyanj Special School	Promoting education including special education among children	Local Area – Mumbai, Maharashtra	₹ 21.60 lacs	₹ 20.00 lacs	₹ 25.40 lacs FY 2018 – 19: ₹ 5.40 lacs; FY 2019 – 20: ₹ 20 lacs)	Implementing Agency- Rays of Hope, charitable trust registered under Bombay Public Trust Act, 1950
4.	Night School Education Transformation Program	Promoting education	Local Area – Mumbai, Maharashtra	₹ 18.25 lacs	₹ 18.25 lacs	₹ 18.25 lacs	Implementing Agency –Masoom – a trust registered under Bombay Public Trust Act, 1950

Sr. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
5.	Password Campaign	Promoting education among children	Other - Pune, Aurangabad and Ahmednagar, Maharashtra	₹ 15.00 lacs	₹ 15.00 lacs	₹ 36.00 lacs (FY 2017-18: ₹ 6 lacs; FY 2018 – 19: ₹ 15 lacs; FY 2019 – 20: ₹ 15.00 lacs)	Implementing Agency - Punyabhushan Foundation - a trust registered under the Bombay Public Charitable Trust Act, 1950
6.	Modern English School	Promoting education among children	Local Area – Mumbai, Maharashtra	₹ 1.50 lacs	₹ 1.50 lacs	₹ 1.50 lacs	Implementing Agency – Modern English School - a trust registered under the Bombay Public Charitable Trust Act, 1950
7.	TASK	Promoting employment enhancing vocation skills and livelihood enhancement projects	Local Area – Mumbai, Maharashtra	₹ 1.54 lacs	₹ 0.55 lacs	₹ 0.55 lacs	Implementing Agency – TASK - a trust registered under the Bombay Public Charitable Trust Act, 1950
8.	Driverben	Empowering women and enhancing women employment	Other – Ahmedabad, Gujarat	₹ 13.76 lacs	₹ 13.76 lacs	₹ 13.76 lacs	Implementing Agency – Janvikas – a trust registered under Bombay Public Charitable Trust Act, 1950
9.	Saksham Kishori	Promoting education among children	Other – Surat Nagar phase 2, Gurugram, Delhi and Avadi, Chennai	₹ 22.50 lacs	₹ 22.48 lacs	25.50 lacs (FY 2018 – 19: ₹ 3 lacs; FY 2019-20: ₹ 22.48 lacs)	Implementing Agency - Smile Foundation - a trust registered under Registration Act, 1908
10.	Shanmukhanandha Medical Centre	Promoting Healthcare	Local Area – Mumbai, Maharashtra	₹ 34.00 Lacs	₹ 34.00 lacs	₹ 65.00 lacs (FY – 2018-19: ₹ 31 lacs; FY – 2019-20: ₹ 34.00 lacs)	Implementing Agency - Shanmukhanandha Fine Arts and Sangeetha Sabha - a trust registered under the Bombay Public Trusts Act, 1950
11.	HR-HPV Screening for Cervical Cancer	Promoting Healthcare	Local Area – Mumbai, Maharashtra	₹ 5.00 lacs	₹ 5.00 lacs	₹ 10.00 lacs (FY 2018 – 19: ₹ 5.00 lacs; FY 2019-20: ₹ 5.00 lacs)	Implementing Agency Cancer Patients Aid Association – a society registered under the Societies Registration Act, XXI of 1860
12.	Vision Foundation of India	Promoting Healthcare	Local Area – Mumbai, Maharashtra	₹ 3.00 lacs	₹ 1.50 lacs	₹ 1.50 lacs	Implementing Agency - Vision Foundation of India- a trust registered under the Bombay Public Charitable Trust Act, 1950

Sr. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
13.	Anti - COVID-19	Promoting Healthcare	Local Area – Mumbai, Maharashtra	₹ 3.00 lacs	₹ 3.00 lacs	₹ 3.00 lacs	Implementing Agency - United way of Mumbai - a trust registered under the Bombay Public Trusts Act, 1950
14.	Mumbai Roti Bank*	Humanitarian relief – Eradicating Hunger and Malnutrition	Local Area – Mumbai, Maharashtra	₹ 10.00 lacs	₹ 5.00 lacs	₹ 10.00 lacs (FY – 2018-19: ₹ 5.00 lacs; FY – 2019-20: ₹ 5.00 lacs)	Implementing Agency - Roti Foundation Mumbai - a trust registered under the Bombay Public Trusts Act, 1950
15.	Habitat for Humanity India	Promoting Sanitation	Other - Dehradun Uttarakhand; Chennai, Tamil Nadu; Hyderabad Telangana; and Ankleshwar, Gujarat	₹ 74.66 lacs	₹ 74.66 lacs	₹ 74.66 lacs	Implementing Agency - Habitat for Humanity India – registered under Sub-Registrar Act, Delhi
16.	Mass Tree Plantation Program	Environmental Sustainability	Other – Tirupur, Tamil Nadu	₹ 45.70 lacs	₹ 45.70 lacs	₹ 45.70 lacs	Implementing Agency - Voluntary Organisation for People Empowerment of Rural Areas by Youth (VETRY) registered under the Societies Act of Tamil Nadu

Allocated in budget of 2018-19. ₹ 5 lac spent in FY 2018-19 and ₹ 5 lac spent in FY 2019-20.

6. **In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Director's Report:**

   Your Company exercises prudence in selecting projects and implementation partners for fulfilling its CSR objectives. In order ensure an effective contribution to the society through deserving projects / organisations, the Company has hired a professional CSR consultant who helps the Company to identify credible projects / organisations, where the Company can contribute towards its social responsibilities. With the assistance of the external consultant your Company has been able to put in place strong institutional arrangements to engage into robust partnerships with other corporate / non-corporate foundations.

   As a result of constant effort, your Company has during the year under review supported 16 projects, of which 9 projects were newly identified in the year under review.

   Your Company is prudent and thorough with respect to evaluation of the projects / organisations which it supports towards its social activities within the scope of its CSR Policy. In many cases since, the funding requirement of the evaluated and identified projects / organisations was tied-up, your Company could not contribute the entire 2% of the average net profit of the last three financial years. Your Company will continue its process of exploring various projects & programs for its CSR contribution and strive to deliver the maximum impact to society.

7. **Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company:**

   The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

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

Naina Krishna Murthy
(Chairman – CSR Committee)
DIN: 01216114

ANNEXURE V

CEO and CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

We, R. Sridhar, Executive Vice Chairman & CEO and Amol Joshi, Chief Financial Officer, hereby certify that:

a. we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2020, and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. to the best of our knowledge and belief, no transactions entered into by the Company during the year under review are fraudulent, illegal or violative of the Company's code of conduct.

c. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls, of which we are aware.

d. we have indicated to the Auditors and the Audit committee

   i. Significant changes, if any, in internal control over financial reporting during the year;

   ii. Significant changes, if any, in accounting policies during the year requiring disclosures in the notes to the financial statements of the Company; and

   iii. Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: June 17, 2020

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

Amol Joshi
Chief Financial Officer

ANNEXURE VI

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY		
1.	Corporate Identity Number (CIN) of the Company	L65100MH2009PLC268160
2.	Name of the Company	IndoStar Capital Finance Limited
3.	Registered address	One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013
4.	Website	www.indostarcapital.com
5.	E-mail id	icf.legal@indostarcapital.com
6.	Financial Year reported	April 1, 2019 to March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Non-Banking Financial Company engaged in lending and allied activities – NIC Code 649
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Vehicle Finance Small and Medium Enterprise Finance Corporate Lending
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Not Applicable
	(b) Number of National Locations	Apart from operating from Registered Office, your Company has an extended network of 225 branches spread across India
10.	Markets served by the Company – Local/State/ National/International	Your Company serves Local, State and National Markets of India

SECTION B: FINANCIAL DETAILS OF THE COMPANY		
1.	Paid up Capital (INR)	92.45 crore
2.	Total Turnover (INR)	1,470.44 crore
3.	Total profit /(loss) after taxes (INR)	(340.08) crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report.
5.	List of activities in which expenditure in 4 above has been incurred:-	

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

The Company has two wholly-owned subsidiaries:

a. IndoStar Asset Advisory Private Limited

b. IndoStar Home Finance Private Limited

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Some of the BR initiatives of the Company are also implemented by the subsidiary companies.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

No. However, the Company encourages participation by its business associates and representatives in the BR initiatives of the Company.

SECTION D: BR INFORMATION		
1.	**Details of Director/Directors responsible for BR**	
(a)	Details of the Director/Directors responsible for implementation of the BR policy/policies	
	1. DIN Number	00136697
	2. Name	R. Sridhar
	3. Designation	Executive Vice-Chairman & CEO
(b)	Details of the BR head	
	1. DIN Number (if applicable)	--
	2. Name	Amol Joshi
	3. Designation	Chief Financial Officer
	4. Telephone number	+91 22 4315 7000
	5. e-mail id	icf.legal@indostarcapital.com

2. Principle-wise (as per NVGs) BR Policy/policies

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	NA	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
3	*Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	--	Y	Y	Y	Y	--	Y	Y
4	**Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	--	Y	Y	Y	Y	--	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	--	Y	Y	Y	Y	--	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.indostarcapital.com/investors-corner#investor-services								
7	#Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
8	^Does the company have in-house structure to implement the policy/ policies.	Y	--	Y	Y	Y	Y	--	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	--	Y	Y	Y	Y	--	Y	Y
10	^Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	--	Y	Y	Y	Y	--	Y	Y

@Considering the nature of business of the Company, the Principle 6 may not be strictly applicable to the Company.

*the Policies are developed and aligned with applicable legal provisions including circulars, regulations, guidelines, notifications issued by the Securities and Exchange Board of India, the Reserve Bank of India, the Ministry of Corporate Affairs and best practices adopted by Company.

**the Policies have been approved by the Board of Directors of the Company and signed by persons authorized by the Board.

#The Policies are hosted on the Company's website and on the Company's intranet for communicating to the relevant external/internal stakeholders.

^The Management Committee constituted by the Board of Directors of the Company assesses adequacy and implementation of codes / policies of the Company on an on-going basis. Implementation of codes and policies adopted by the Company is also assessed by an external audit firm.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes its BRR annually with the Annual Report for each year. The Annual Report is available on the Company's website at https://www.indostarcapital.com/investors-corner#investor-relations.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   The Company expressly advocates that commitment to corporate governance is essential for delivery of strategic priorities and enhancement of shareholder value. The Company conducts its business in compliance with applicable laws and regulations, fairness, mutual respect and integrity under a comprehensive Code of Conduct for Directors and Employees.

   The Company has also adopted an Anti-Corruption Policy to further affirm Company's zero-tolerance approach towards corruption and to conduct business in an honest and ethical manner by preventing and countering corruption in its business dealings, and covers every person connected with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Investor Complaints

Complaints at the beginning of the year	: 0
Complaints received during the year	: 2
Complaints remaining unresolved at the end of the year	: 0
% of Complaints resolved	: 100%

Customer Complaints

Complaints at the beginning of the year	: 3
Complaints received during the year	: 194
Complaints remaining unresolved at the end of the year	: 39
% of Complaints resolved	: 80.20%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company strives to provide credit solutions for growing corporates, emerging SME businesses, and catering to the aspirations of the growing customer base of Middle-India. Retail lending business focuses on customers currently underserved financially and the growing "Middle India" population, which aspires to improve its lifestyle and financial well-being. Loans given to middle India borrowers enable them to own assets and grow their businesses. The Vehicle Finance business largely focuses on lending against secured assets, while targeting the large underserved customer base across 20 states in India. The key focus customers in the SME Finance space are, traders, manufacturers, self-employed professionals and service businesses, a large portion of the portfolio comprising customers falling under the priority sectors.

   Also, in line with the Government's initiative "Housing for all by 2022", the Company, through its subsidiary company IndoStar Home Finance Private Limited, provides affordable housing loans to economically weaker sections of society.

   While the Company empowers its customers, it also co-creates new opportunities for them to increase business through its products portfolio.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Not Applicable.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Not Applicable.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Not Applicable.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Not Applicable.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: **1,851**

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **2**

3. Please indicate the Number of permanent women employees: **158**

4. Please indicate the Number of permanent employees with disabilities: **2**

5. Do you have an employee association that is recognized by management: **No**

6. What percentage of your permanent employees are members of this recognized employee association?

   Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
   (a) Permanent Employees: 52%

   (b) Permanent Women Employees: 6%

   (c) Casual/Temporary/Contractual Employees: Not Applicable

   (d) Employees with Disabilities: Nil

   The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organisation, caused the nation to witness a complete lock-down in the last week of March 2020. In the background of this pandemic, your Company's priority has been safety of its employees and has taken the following employee engagement activities:

   Creating Awareness:

   Employees are being sensitised and educated about COVID-19 through regular emails and SMS since the first few cases were reported in India. Topics covered have been:

   - What is COVID-19?
   - Symptoms and steps to take incase symptoms are experienced
   - Precautions to be taken
   - COVID-19 helpdesk details
   - Apart from the email regular SMSes were also sent reiterating these points

   Changes in Policy & Processes:

   - Biometric attendance system was discontinued due to the risks associated with COVID-19 spread;
   - All travel/ business meetings were discontinued;
   - Activated Business Continuity Plan & Work from Home (WFH) policy.

   Branch operations:

   Branch opening has been done in a phased manner depending on local situation and rules set up by the local governing authorities. Each branch is thoroughly sanitized before being opened for employees. Sanitization kits are being dispatched to branches being opened, so that adequate care is taken. Standard Operating Process (SOP) in easy to understand PPT format has detailed instructions for employees as well as precautions to be followed.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   Yes.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   It is one of the objectives of the Company to enhance value creation in the society and the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and the community. Further, through partnerships with various recognized organisations engaged in social upliftment activities, the Company has supported various programs broadly in the field of education, women empowerment, health care, sanitation, environment protection and humanitarian relief. Details of such initiatives supported by the Company are listed at Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   The Company has adopted various policies to protect rights of not only its employees but all other stakeholders, some of the relevant policies are also implemented by the subsidiary companies.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   None with respect to violation of Human Rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Considering the nature of business of the Company, Principle 6 may not be strictly applicable to the Company.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   The Company's Corporate Social Responsibility Policy lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.

   In its effort of contributing towards environment protection, the Company has supported various organisations working in these fields and shall continue to look for more initiatives in these fields.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   The Company is engaged in the financial services sector and hence the Company's operations have no direct impact on the environment. However, the Company is vigilant on the need for conservation of the environment.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Not Applicable.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   Not Applicable.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Not Applicable

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Not Applicable.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   None.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of the Confederation of Indian Industries.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company endeavors to provide suggestions for development of the financial services sectors to various forums.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company focuses to serve people who do not have easy access to the conventional banking system. The Vehicle Finance business largely focuses on lending to underserved customers in India. The key focus customers in the SME Finance space are, traders, manufacturers, self-employed professionals and service businesses, with a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative "Housing for all by 2022", the Company, through its subsidiary company IndoStar Home Finance Private Limited, focuses on providing affordable housing loans to economically weaker sections of society.

   Further, the Company has adopted a Corporate Social Responsibility Policy which *inter-alia* lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company and its impact on the society.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organisation?**

   Some corporate social responsibility initiatives are undertaken by the Company directly while majority support is extended through external agencies who have experience and expertise in their respective areas.

3. **Have you done any impact assessment of your initiative?**

   Yes. Update on impact of corporate social responsibility initiatives undertaken by the Company is placed before the Corporate Social Responsibility Committee and Board of Directors of the Company. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company and its impact on the society.

4. **What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.**

   Please refer to Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company, amount contributed and impact on the society.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. The Company actively engages itself with its partnered agencies who execute the corporate social responsibility programmes supported by the Company. Employees of the Company participate in the programs and assist the agencies in effectively executing their initiatives. The Company also closely monitors utilisation of the money granted for various programs and impact of each program on the target population. Basis the impact analysis of each program, the Company decides on the requirement of further support.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

   39 customer complaints in the ordinary course of business were pending to be resolved as on March 31, 2020.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)**

   Not Applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   No.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company has not carried out formal customer survey to evaluate customer satisfaction. The Company deals with its customers fairly and with transparency. In the Company's endeavor to ensure complete customer satisfaction, the Company has also established a formal process to ensure customer grievances, if any, are handled with responsibility and resolved satisfactorily.

ANNEXURE VII

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

CIN	L65100MH2009PLC268160
Registration Date	July 21, 2009
Name of the Company	IndoStar Capital Finance Limited
Category / Sub-Category of the Company	Public Company Limited by shares, Non-Government Company
Address of the Registered Office and contact details	One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013 Telephone: +91 22 43157000 Fax: +91 22 43157010 Email id: investor.relations@indostarcapital.com
Whether listed company (Yes / No)	Yes Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited. (Non-Convertible Debentures listed on the BSE Limited)
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai, Maharashtra 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in

II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Non-Banking Financial Company engaged in lending and allied activities	649	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Indostar Capital 3rd Floor, Standard Chartered Tower, Bank Street, 19 Cybercity, Ebene 72201, Mauritius	098649 C1/GBL	Holding Company	56.89%	Section 2(46)
2.	IndoStar Asset Advisory Private Limited One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013	U67100MH2013PTC240676	Subsidiary Company	100%	Section 2(87)(ii)
3.	IndoStar Home Finance Private Limited One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013	U65990MH2016PTC271587	Subsidiary Company	100%	Section 2(87)(ii)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	--	--	--	--	--	--	--	--	--
b) Central Government									
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.									
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
2) Foreign									
a) NRIs – **Individuals**	--	--	--	--	--	--	--	--	--
b) Other – **Individuals**	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	5,37,29,228	--	5,37,29,228	58.24	5,37,29,228	--	5,37,29,228	58.12	(0.12)
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other Foreign Portfolio Investor	20,78,005	--	20,78,005	2.25	23,13,005	--	23,13,005	2.50	0.25
Sub-total (A) (2):-	**5,58,07,233**	**--**	**5,58,07,233**	**60.49**	**5,60,42,233**	**--**	**5,60,42,233**	**60.62**	**0.13**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**5,58,07,233**	**--**	**5,58,07,233**	**60.49**	**5,60,42,233**	**--**	**5,60,42,233**	**60.62**	**0.13**
B. Public shareholding									
1. Institutions									
a) Mutual Funds	1,06,36,994	--	1,06,36,994	11.53	1,09,75,110	--	1,09,75,110	11.87	0.34
b) Banks / FI	17,072	--	17,072	0.02	7,492	--	7,492	0.01	(0.01)
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	39,87,042	--	39,87,042	4.31	4.31
g) FIIs / FPIs	93,21,236	--	93,21,236	10.10	53,97,104	--	53,97,104	5.84	(4.26)
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify) Alternate investment fund	--	--	--	--	9,63,006	--	9,63,006	1.04	1.04
Sub-total (B)(1):-	**1,99,75,302**	**--**	**1,99,75,302**	**21.65**	**2,13,29,754**	**--**	**2,13,29,754**	**23.07**	**1.42**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	22,65,000	--	22,65,000	2.46	22,65,000	--	22,65,000	2.45	(0.01)
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	35,57,972	36	35,58,008	3.86	36,32,099	1,226	36,33,325	3.93	0.07
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	39,59,810	--	39,59,810	4.29	35,75,392	--	35,75,392	3.87	-0.42
c) Others	--	--	--	--	--	--	--	--	--
I) Trust	16,32,151	--	16,32,151	1.77	17,38,871	--	17,38,871	1.88	0.11
II) Non-Resident Indian (NRI)	2,60,909	--	2,60,909	0.28	1,25,774	--	1,25,774	0.14	(0.14)
III) Clearing Members	93,323	--	93,323	0.10	78,306	--	78,306	0.08	(0.02)
IV) Bodies Corporate	44,90,556	--	44,90,556	4.87	34,61,820	--	34,61,820	3.74	(1.13)
V) NBFCs registered with RBI	77	--	77	Negligible	--	--	--	Negligible	(Negligible)
VI) Hindu Undivided Family	2,15,046	--	2,15,046	0.23	2,00,440	--	2,00,440	0.22	(Negligible)
Sub-total (B)(2):-	**1,64,74,844**	**36**	**1,64,74,880**	**17.86**	**1,50,77,702**	**1,226**	**1,50,78,928**	**16.31**	**(1.55)**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**3,64,50,146**	**36**	**3,64,50,182**	**39.51**	**3,64,07,456**	**1,226**	**3,64,08,682**	**39.38**	**(0.13)**
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**9,22,57,379**	**36**	**9,22,57,415**	**100.00**	**9,24,49,689**	**1,226**	**9,24,50,915**	**100.00**	**--**

ii) Shareholding of Promoters and Promoter Group:

Sr. No.	Shareholder 's Name	Shareholding at the beginning of the Year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Indostar Capital	5,25,94,228	57.01	0	5,25,94,228	56.89	0	(0.12)
2	Everstone Capital Partners II LLC	11,35,000	1.23	0	11,35,000	1.23	0	0
3	ECP III FVCI Pte Ltd	20,78,005	2.25	0	23,13,005	2.50	0	0.25
	Total	**5,58,07,233**	**60.49**	**0**	**5,60,42,233**	**60.62**	**0**	**(0.13)**

iii) Change in Promoters' and Promoter Groups' Shareholding:

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Indostar Capital	At the beginning of the year	5,25,94,228	57.01	5,25,94,228	57.01
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	5,25,94,228	56.89^	5,25,94,228	56.89
Everstone Capital Partners II LLC	At the beginning of the year	11,35,000	1.23	11,35,000	1.23
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	11,35,000	1.23^	11,35,000	1.23
ECP III FVCI Pte Ltd	At the beginning of the year	20,78,005	2.25	20,78,005	2.25
	Purchase during the year – May 31, 2019	2,35,000	0.25	23,13,005	0.51
	At the end of the year	23,13,005	2.50^	23,13,005	2.50

^Due to issue of equity shares during the year, the percentage of shares held to share capital as at the end of the Financial Year, will not match with the respective cumulative percentage of shares held to the share capital at the beginning of the year or as at last transaction undertaken during the year under review, as the case may be.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
SBI Small Cap Fund	At the beginning of the year	72,21,936	7.83	72,21,936	7.83
	Sale during the year - April 19, 2019	(37,965)	(0.04)	71,83,971	7.79
	Sale during the year - Apr 26, 2019	(20,035)	(0.02)	71,63,936	7.77
	Purchase during the year – Nov 08, 2019	10,00,000	1.08	81,63,936	8.85
	Sale during the year – Mar 20, 2020	(6,900)	(0.01)	81,57,036	8.82
	Sale during the year – Mar 27, 2020	(44,000)	(0.05)	81,13,036	8.78
	At the end of the year	81,13,036	8.78	81,13,036	8.78
Mission Street Pte. Ltd.	At the beginning of the year	22,65,000	2.46	22,65,000	2.46
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	22,65,000	2.45^	22,65,000	2.45
Lenarco Limited	At the beginning of the year	19,13,707	2.07	19,13,707	2.07
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	19,13,707	2.07^	19,13,707	2.07
ICICI Prudential Life Insurance Company Limited	At the beginning of the year	18,41,355	2.00	18,41,355	2.00
	Purchase during the year – April 26, 2019	3,000	0.003	18,44,355	2.00
	Purchase during the year – May 03, 2019	4,000	0.004	18,48,355	2.00
	Purchase during the year – May 17, 2019	1,000	0.001	18,49,355	2.00
	Purchase during the year – May 24, 2019	2,500	0.003	18,51,855	2.01
	At the end of the year	18,51,855	2.00^	18,51,855	2.00
Vyom Kedar Mankekar	At the beginning of the year	0	0	0	0
	Purchase during the year – June 21, 2019	16,66,600	1.81	16,66,600	1.81
	At the end of the year	16,66,600	1.80^	16,66,600	1.80^
Edelweiss Alternative Investment Opportunities Trust - Edelweiss Crossover Opportunities Fund	At the beginning of the year	16,32,151	1.77	16,32,151	1.77
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	16,32,151	1.77^	16,32,151	1.77
Rajasthan Global Securities Private Limited	At the beginning of the year	0	0	0	0
	Purchase during the year – January 31, 2020	63,806	0.07	63,806	0.07
	Purchase during the year – February 07, 2020	3,95,036	0.43	4,58,842	0.50
	Purchase during the year – February 14, 2020	1,21,951	0.13	5,80,793	0.63
	Purchase during the year – February 21, 2020	17,022	0.02	5,97,815	0.65
	Purchase during the year – February 28, 2020	1,71,256	0.19	7,69,071	0.83

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Purchase during the year – March 06, 2020	26,087	0.03	7,95,158	0.86
	Purchase during the year – March 13, 2020	38,758	0.04	8,33,916	0.90
	Sale during the year – March 20, 2020	(1,00,042)	(0.11)	7,33,874	0.79
	Purchase during the year – March 27, 2020	1,62,128	0.18	8,96,002	0.97
	Purchase during the year – March 31, 2020	5,70,140	0.62	14,66,142	1.59
	At the end of the year	14,66,142	1.59	14,66,142	1.59
Amundi Funds SBI FM India Equity	At the beginning of the year	14,00,000	1.52	14,00,000	1.52
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	14,00,000	1.51^	14,00,000	1.51
Jupiter India Fund	At the beginning of the year	14,79,138	1.60	14,79,138	1.60
	Sale during the year – January 10, 2020	(43,014)	(0.05)	14,36,124	1.56
	Sale during the year – January 17, 2020	(12,625)	(0.01)	14,23,499	1.54
	Sale during the year – February 21, 2020	(16,900)	(0.02)	14,06,599	1.52
	Sale during the year – March 06, 2020	(15,226)	(0.02)	13,91,373	1.51
	Sale during the year – March 13, 2020	(1,868)	(0.00)	13,89,505	1.50
	Sale during the year – March 20, 2020	(11,874)	(0.01)	13,77,631	1.49
	At the end of the year	13,77,631	1.49^	13,77,631	1.49
HDFC Trustee Company Ltd. A/c HDFC Capital Builder Value Fund	At the beginning of the year	18,10,345	1.96	18,10,345	1.96
	Purchase during the year – May 31, 2019	1,61,500	0.18	19,71,845	2.14
	Sale during the year – March 13, 2020	(71,000)	(0.08)	19,00,845	2.06
	Sale during the year – March 20, 2020	(2,27,048)	(0.25)	16,73,797	1.81
	Sale during the year – March 27, 2020	(6,04,000)	(0.65)	10,69,797	1.16
	Sale during the year – March 31, 2020	(2,00,000)	(0.22)	8,69,797	0.94
	At the end of the year	8,69,797	0.94	8,69,797	0.94
Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	At the beginning of the year	23,09,472	2.50	23,09,472	2.50
	Purchase during the year – May 10, 2019	1,40,015	0.15	24,49,487	2.66
	Purchase during the year – May 17, 2019	11,234	0.01	24,60,721	2.67
	Purchase during the year May 24, 2019	90,950	0.10	25,51,671	2.77
	Purchase during the year May 31, 2019	1,050	0.00	25,52,721	2.77
	Purchase during the year June 14, 2019	3,720	0.00	25,56,441	2.77
	Sale during the year - July 26, 2019	(3,101)	(0.00)	25,53,340	2.77

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Sale during the year - August 02, 2019	(243)	(0.00)	25,53,097	2.77
	Sale during the year - September 20, 2019	(5,579)	(0.01)	25,47,518	2.76
	Sale during the year - September 27, 2019	(7,339)	(0.01)	25,40,179	2.75
	Sale during the year – October 11, 2019	(3105)	(0.00)	25,37,074	2.75
	Sale during the year – October 18, 2019	(9,926)	(0.01)	25,27,148	2.74
	Sale during the year – October 25, 2019	(19,222)	(0.02)	25,07,926	2.72
	Sale during the year – November 01, 2019	(39,139)	(0.04)	24,68,787	2.68
	Sale during the year – November 08, 2019	(10,13,276)	(1.10)	14,55,511	1.58
	Sale during the year – November 15, 2019	(40,019)	(0.04)	14,15,492	1.53
	Sale during the year – November 22, 2019	(1,23,091)	(0.13)	12,92,401	1.40
	Sale during the year – November 29, 2019	(2,55,465)	(0.28)	10,36,936	1.12
	Sale during the year – December 06, 2019	(35,799)	(0.04)	10,01,137	1.09
	Sale during the year – December 13, 2019	(34,165)	(0.04)	9,66,972	1.05
	Sale during the year – December 20, 2019	(1,07,443)	(0.12)	8,59,529	0.93
	Sale during the year – December 27, 2019	(13,292)	(0.01)	8,46,237	0.92
	Sale during the year – December 31, 2019	(6,200)	(0.01)	8,40,037	0.91
	Sale during the year – January 03, 2020	(1,04,030)	(0.11)	7,36,007	0.80
	Sale during the year – January 10, 2020	(2,42,600)	(0.26)	4,93,407	0.53
	Sale during the year – January 17, 2020	(4,93,407)	(0.53)	0	-
	At the end of the year		0	-	0
Laxmi Shivanand Mankekar	At the beginning of the year	16,66,600	1.81	16,66,600	1.81
	Sale during the year – June 21, 2019	(16,66,600)	(1.81)	0	0
	At the end of the year	0	-	0	-

^Due to issue of equity shares during the year, the percentage of shares held to share capital as at the end of the Financial Year, will not match with the respective cumulative percentage of shares held to the share capital at the beginning of the year or as at last transaction undertaken during the year under review, as the case may be.

V. Shareholding of Directors and Key Managerial Personnel:

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. R. Sridhar **Executive Vice - Chairman & CEO**	At the beginning of the year	3,17,460	0.34	3,17,460	0.34
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	3,17,460	0.34^	3,17,460	0.34
Mr. Shailesh Shirali **Whole-time Director (appointed w.e.f. June 26, 2019)**	At the beginning of the year	19,660	0.02	19,660	0.02
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	19,660	0.02^	19,660	0.02
***Mr. Dhanpal Jhaveri** **Non-Executive Director**	At the beginning of the year	1,000	Negligible	1,000	Negligible
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	1,000	Negligible^	1,000	Negligible
Mr. Pankaj Thapar **Chief Financial Officer (ceased w.e.f. September 30, 2019)**	At the beginning of the year	59,543	0.06	59,543	0.06
	Sale during the year – February 10, 2020	(38,000)	0.04	21,543	0.02
	Sale during the year – February 12, 2020	(18,758)	(0.02)	2,785	Negligible
	Sale during the year – February 14, 2020	(2,785)	(Negligible)	0	-
	Allotment pursuant to exercise of ESOP – Feb 18, 2020	80,000	0.09	80,000	0.09
	Sale during the year – March 02, 2020	(80,000)	(0.09)	0	-
	Allotment pursuant to exercise of ESOP - March 09, 2020	86,300	0.09	86,300	0.09
	Sale during the year – March 20, 2020	(86,200)	(0.09)	100	Negligible
	At the end of the year	100	Negligible ^	100	Negligible
Mr. Amol Joshi **Chief Financial Officer (appointed w.e.f. September 30, 2019)**	At the beginning of the year	0	-	0	-
	Purchase during the year August 19, 2019	100	0.00	100	0.00
	At the end of the year	100	0.00^	100	0.00
Mr Jitendra Bhati **Company Secretary**	At the beginning of the year	9,000	0.01	9,000	0.01
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	9,000	0.01^	9,000	0.01

^Due to issue of equity shares during the year, the percentage of shares held to share capital as at the end of the Financial Year, will not match with the respective cumulative percentage of shares held to the share capital at the beginning of the year or as at last transaction undertaken during the year under review, as the case may be.

* Equity shares held jointly with his Spouse Ms. Neeru Jhaveri.

Note:
Mr. Alok Oberoi, Mr. Sameer Sain, Mr. Bobby Parikh, Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy, Directors of the Company, did not hold any shares at the beginning, during and at the end of the year under review.

VI. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lacs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	6,57,815.04	2,32,664.58	0	8,90,479.62
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	12,599.34	0	0	12,599.34
Total (i+ii+iii)	**6,70,414.38**	**2,32,664.58**	**0**	**9,03,078.96**
Change in Indebtedness during the financial year				
• Addition	2,22,452.77	2,274.73	0	2,24,727.50
• Reduction	2,35,531.93	2,29,738.21	0	4,65,270.14
Net Change	**-13,079.16**	**-2,27,463.48**	**0**	**-2,40,542.64**
Indebtedness at the end of the financial year				
(i) Principal Amount	6,49,224.99	5,201.10	0	6,54,426.09
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	8,110.22	0	0	8,110.22
Total (i+ii+iii)	**6,57,335.21**	**5,201.10**	**0**	**6,62,536.31**

VII. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Whole-Time Director(s) of the Company:

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Total Amount Mr. R. Sridhar	*Total Amount Mr. Shailesh Shirali	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,000.00	190.97	1,190.97
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.40	--	0.40
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	--	--	
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	Total (A)	**1,000.40**	**190.97**	**1,191.37**
**Ceiling as per the Companies Act, 2013 ("Act")		**185.75**	**141.89**	**327.64**

*Appointed as Whole-Time Director with effect from June 26, 2019.

**The ceiling limits are based on effective capital as per Schedule V of the Companies Act, 2013.

B. Remuneration to other Directors:

Independent Directors

(₹ in Lacs)

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Bobby Parikh	Mr. Dinesh Kumar Mehrotra	Mr. Hemant Kaul	Ms. Naina Krishna Murthy	
Fee for attending board/ committee meetings	9.50	7.00	6.60	5.85	28.95
Commission	--	--	--	--	--
Others, please specify	--	--	--	--	--
Total (1)	**9.50**	**7.00**	**6.60**	**5.85**	**28.95**

Other Non-Executive Directors

(₹ in Lacs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mr. Alok Oberoi	Mr. Dhanpal Jhaveri	
Fee for attending board /committee meetings	--	--	--
Commission	--	--	--
Others, please specify	--	--	--
Total (2)	**--**	**--**	**--**
Total (B)=(1+2)			**28.95**
Ceiling as per the Act			NA
Total Managerial Remuneration (A+B)			**1,220.32**
Overall Ceiling as per the Act			NA

C. Remuneration to Key Managerial Personnel other than MD / WTD

(₹ in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Amol Joshi (CFO)*	Pankaj Thapar (CFO)#	Jitendra Bhati (CS)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64.61	100.00	65.00	229.61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	0.16	--	0.16
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission - as % of profit - others, specify	--	--	--	--
5	Others, please specify	--	--	--	--
	Total (A)	**64.61**	**100.16**	**65.00**	**229.77**

*Appointed with effect from September 30, 2019

#Resigned with effect from September 30, 2019

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

ANNEXURE VIII

Disclosures under the IndoStar ESOP Plan 2012 (ESOP 2012), IndoStar ESOP Plan 2016 (ESOP 2016), IndoStar ESOP Plan 2016 – II (ESOP 2016 – II), IndoStar ESOP Plan 2017 (ESOP 2017), and IndoStar ESOP Plan 2018 (ESOP 2018) pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on financial year ended March 31, 2020:

Particulars	ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018
Number of options granted	16,08,754	30,17,036	30,19,000	19,98,500	16,78,500
Number of options vested	13,74,304	22,86,677	15,61,200	32,900	35,800
Number of options exercised	12,99,464	41,500	1,97,000	0	0
Total number of shares arising as a result of exercise of options	12,99,464	41,500	1,97,000	0	0
Number of options lapsed / cancelled	2,34,590	4,72,259	2,71,500	2,54,000	2,20,500
Exercise Price of the options exercised in ₹ / per equity share	₹ 140 for 1,65,300 options ₹ 145 for 1,00,000 options ₹ 149.37 for 4,31,910 options ₹ 225 for 6,02,254 options	₹ 225 for 26,500 options ₹ 300 for 15,000 options	₹ 255 for 1,87,000 options ₹ 300 for 10,000 options	NA	NA
Variation of terms of options	NA	NA	NA	NA	NA
Money realised by the exercise of options	₹ 2,376.64 Lacs	₹ 104.63 Lacs	₹ 506.85 Lacs	NA	NA
Total number of options in force	74,700	25,03,277	25,50,500	17,44,500	14,58,000

Details of options granted to Key Managerial Personnel:

Sr. No.	Name	Designation	Options granted during the year ended March 31, 2020					Options in force as on March 31, 2020				
			ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018	ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018
1.	Mr. Pankaj Thapar	Chief Financial Officer (Resigned as Chief Financial Officer with effect from September 30, 2019)	--	--	--	--	--	--	5,00,000	--	--	
2.	Mr. Amol Joshi	Chief Financial Officer (Appointed as Chief Financial Officer with effect from September 30, 2019)	--	--	--	--	85,000	--	--	--	--	85,000
3.	Mr. Jitendra Bhati	Company Secretary	--	--	--	--	--	2,000	--	54,000	--	
4.	Mr. R. Sridhar	Executive Vice Chairman & CEO	--	--	--	--	--	--	--	--	14,28,500	9,83,000
5.	Mr. Shailesh Shirali	Whole-time Director (Appointed as Whole-Time Director with effect from June 26, 2019)	--	--	--	--	--	50,000	17,10,777	--	--	--

Details of employees including director(s) who have received a grant of options in any one year, of options amounting to five percent or more of options granted during that year:

Sr. No.	Name of Employee	Number of options granted under ESOP 2012	Number of options granted under ESOP 2016	Number of options granted under ESOP 2016 - II	Number of options granted under ESOP 2017	Number of options granted under ESOP 2018
Financial year 2012 - 13 - Total options granted		**3,23,000**	**NA**	**NA**	**NA**	**NA**
1.	Mr. Jayant Gunjal	22,000	--	--	--	--
2.	Mr. Pankaj Thapar	42,000	--	--	--	--
3.	Mr. Rohit Talwalkar	22,000	--	--	--	--
4.	Mr. Vimal Bhandari	76,000	--	--	--	--
5.	Mr. Vinod Lund	22,000	--	--	--	--
6.	Mr. Deepak Bakliwal	50,000	--	--	--	--
7.	Mr. Nishant Kotak	50,000	--	--	--	--
Financial year 2013 - 14 - Total options granted		**10,000**	**NA**	**NA**	**NA**	**NA**
1.	Mr. Ravi Narain	10,000	--	--	--	--
Financial year 2014 - 15 - Total options granted		**6,66,000**	**NA**	**NA**	**NA**	**NA**
1.	Mr. Vimal Bhandari	3,00,000	--	--	--	--
2.	Mr. Pankaj Thapar	1,50,000	--	--	--	--
3	Mr. Shailesh Shirali	50,000	--	--	--	--
Financial year 2015 - 16 – Total options granted		**NIL**	**NA**	**NA**	**NA**	**NA**
Financial year 2016 - 17 - Total options granted		**6,02,254**	**26,88,036**	**27,57,000**	**NA**	**NA**
1.	Mr. Vimal Bhandari	4,85,511	--	--	--	--
2.	Mr. Jayant Gunjal	1,16,743	--	2,00,000	--	--
3.	Mr. Shailesh Shirali	--	17,10,777	--	--	--
4.	Mr. Pankaj Thapar	--	5,00,000	--	--	--
5.	Mr. Prashant Joshi	--	--	9,67,000	--	--
6.	Mr. Deepak Bakliwal	--	--	5,00,000	--	--
Financial year 2017-18 - Total options granted		**7,500**	**3,29,000**	**2,62,000**	**19,98,500**	**15,48,500**
1.	Mr. R. Sridhar	--	--	--	14,28,500	9,83,000
Financial year 2018-19 - Total options granted		**NIL**	**NIL**	**NIL**	**NIL**	**25,000**
1.	Ms. Benaifer Palsetia	--	--	--	--	25,000
Financial year 2019-20 - Total options granted		**NIL**	**NIL**	**NIL**	**NIL**	**1,05,000**
1.	Mr. Amol Joshi	--	--	--	--	85,000
2.	Mr. Pradeep Kumar	--	--	--	--	20,000

Details of employees including director(s) who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

Sr. No.	Name of Employee	Options granted under ESOP 2016	Options granted under ESOP 2016 - II	Options granted under ESOP 2017	Options granted under ESOP 2018
Financial year 2016-17					
1.	Mr. Shailesh Shirali	17,10,777	--	--	--
2.	Mr. Prashant Joshi	--	9,67,000	--	--
Financial year 2017-18					
3.	Mr. R. Sridhar	--	--	14,28,500	9,83,000

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At IndoStar we believe that sound corporate governance practices are the bedrock for the functioning of the Company and creation of value for its stakeholders on a sustainable and long-term basis. This philosophy guides us in defining and maintaining an ethical framework within which we operate.

BOARD COMPOSITION

Your Company's Board of Directors has a fiduciary role to protect and enhance stakeholders' value through strategic supervision. The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. The corporate governance principles of your Company have been formulated to ensure that the Board of Directors remains informed, independent and participates actively in the affairs of your Company.

In addition to the basic governance practices, the Board of Directors of your Company lays strong emphasis on transparency, accountability and integrity. Your Company also strives to enhance stakeholders' value by taking measures to continuously improve its corporate governance standards.

As on March 31, 2020, the Board of Directors of your Company comprised 8 Directors of which 4 were Non-Executive Independent Directors, 2 were Non-Executive Non-Independent Directors and 2 were Executive Directors. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any equity shares of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

Skills / expertise / competencies of the Board of Directors

The diverse skills expertise and competencies of the Board of Directors ensures that the Company retains its competitive advantage. The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively:

- Leadership
- Experience in the Financial Services Industry
- Strategic Planning
- Knowledge of Regulatory Environment
- Financial and Accounting Expertise
- Board Service, Corporate Governance and Risk Management
- Knowledge in the field of Information Technology

The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. Brief profile of the Directors is available on the Company's website at http://www.indostarcapital.com/board-of-directors.html and also forms part of this Annual Report.

The composition of the Board of Directors, including details of other directorship(s), committee membership(s) and chairmanship(s) of each Director as on March 31, 2020 are given below:

Name of the Director	Category	Skills / expertise / competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership(s) [Chairmanship(s)] in other Companies
Mr. Dhanpal Jhaveri (Chairman)	Non-Executive Director	Investment Banking, PE Investments Corporate Strategy and Mergers/ Amalgamations	14	0	0
Mr. R. Sridhar (Executive Vice-Chairman & CEO)	Whole-Time Director	Financial Services and Business Management	1	0	0
Mr. Shailesh Shirali	Whole-Time Director	Financial Services – Corporate Lending and Structured Finance	0	0	0
Mr. Alok Oberoi	Non-Executive Director	Investment Management, Structuring JVs and Transactions, Wealth Management	1	0	0
Mr. Bobby Parikh	Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	7	Biocon Limited (Independent Director)	1(3)
Mr. Dinesh Kumar Mehrotra	Non-Executive Independent Director	Financial Services – Insurance sector, Business Management	9	- V L S Finance Limited (Independent Director) - SBI Cards and Payment Services Limited (Independent Director)	4(1)
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	7	- Transcorp International Limited (Independent Director) - Ashiana Housing Limited (Independent Director)	2(1)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE/VC investments	1	0	0

* Includes directorship(s) in public companies and private companies, but does not include directorship(s) in foreign companies.
#Listed entities includes entities whose equity shares are listed on a recognised stock exchange(s).
@Includes membership(s) and chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee in all public limited companies. Membership and Chairmanship in a Committee are counted only once i.e. if a Director is a Chairman of a Committee, he/she is not counted as Member separately.

The number of Directorship(s), Committee Membership(s) & Chairmanship(s) of all Directors on the Board of your Company are within respective limits prescribed under the Act and the Listing Regulations.

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2020 have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

BOARD AND COMMITTEE MEETINGS

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure highest participation at Board / Committee Meetings. Directors are given an option of attending Board / Committee meetings through video conference or other audio - visual means in order to ensure effective decision making through increased participation. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online.

BOARD

During the year under review, 7 (seven) meetings of the Board of Directors were convened and held on April 12, 2019, May 20, 2019, June 26, 2019, August 08, 2019, November 07, 2019, January 31, 2020 and February 06, 2020. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting ("AGM") of the Company, held during financial year ended March 31, 2020 is given below:

Name of the Director	No. of Board Meetings attended*	Attendance at the previous AGM
Mr. Dhanpal Jhaveri	6	Yes
Mr. R. Sridhar	7	Yes
*Mr. Shailesh Shirali	5	Yes
*Mr. Sameer Sain	1	-
Mr. Alok Oberoi	2	No
Mr. Bobby Parikh	7	Yes
Mr. Dinesh Kumar Mehrotra	7	No
Mr. Hemant Kaul	4	Yes
Ms. Naina Krishna Murthy	5	No

*Note:

Mr. Sameer Sain, Non-Executive Non-Independent Director resigned with effect from June 26, 2019;

Mr. Shailesh Shirali was appointed as Whole-Time Director from June 26, 2019.

INDEPENDENT DIRECTORS

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promotes confidence of the investment community, particularly minority shareholders and regulators in the institution of independent directors. As on March 31, 2020, half of the Board of Directors of your Company consisted of Independent Directors.

All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and the Listing Regulations and have also confirmed their enrollment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Further, in the opinion of the Board of Directors, all the Independent Directors of the Company satisfy the criteria of independence specified in the Act and the Listing Regulations and are independent of the Company's Management.

INDEPENDENT DIRECTORS MEETING

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 23, 2020 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

At their meeting, the Independent Directors evaluated and assessed the performance of the Non-Independent Directors, the Chairman and the Board, as a collective entity. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the management and the Board / Committees, which was necessary for the Board / Committee Members to perform their duties effectively.

BOARD COMMITTEES

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by SEBI, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors has constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective functioning and governance within the Company. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

Minutes of the meetings of all the Committees constituted by the Board of Directors are placed before the Board of Directors for discussion and noting.

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Shailesh Shirali, Mr. Dhanpal Jhaveri and Mr. R. Sridhar.

During the year under review, the Credit Committee met 4 (four) times on May 20, 2019, August 08, 2019, November 07, 2019 and February 06, 2020. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Composition of the Credit Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
*Mr. Shailesh Shirali	Chairman	3
Mr. Dhanpal Jhaveri	Member	3
Mr. R. Sridhar	Member	4
@Mr. Sameer Sain	Chairman	0

*Appointed as a Chairman from June 26, 2019.

@Ceased to be a Chairman and Member from June 26, 2019.

Subsequent to the year under review, the Credit Committee was reconstituted by appointment of Mr. Aditya Joshi as Chairman and cessation of Mr. Shailesh Shirali as Chairman and Member of the Committee.

Terms of reference

The terms of reference of the Credit Committee *inter-alia* includes: approving credit proposals with respect to Corporate Lending Business and Retail Lending Business referred to it by the Corporate Lending Committee and Retail Lending Committee, respectively, in accordance with risk policy, review and monitor the loan portfolio of all the business segments, to determine overall investment limit and limit for investment under each approved category, to approve assignment / securitisation of loan assets portfolio, to formulate, recommend, review, alter and implement the various policies adopted by the Company with reference to the Committee.

AUDIT COMMITTEE

Composition, Meetings and Attendance

The Audit Committee comprises Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Hemant Kaul and Ms. Naina Krishna Murthy.

In terms of the Act and the Listing Regulations, two third of the Members of the Committee are Independent Directors. All the Members of the Committee are financially literate and majority members including the Chairman possess financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee. The Statutory Auditors and the Internal Auditors of the Company submit their report(s) directly to the Audit Committee.

During the year under review, the Audit Committee met 5 (five) times on May 20, 2019, August 08, 2019, November 07, 2019, January 31, 2020 and February 06, 2020. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on August 30, 2019.

Composition of the Audit Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Bobby Parikh	Chairman	5
Mr. Dhanpal Jhaveri	Member	4
Mr. Hemant Kaul	Member	4
Ms. Naina Krishna Murthy	Member	4

Subsequent to the year under review, the Audit Committee was reconstituted by appointment of Mr. Aditya Joshi as Member and cessation of Mr. Dhanpal Jhaveri as Member of the Committee.

Terms of reference

The terms of reference of the Audit Committee *inter-alia* includes: dealing with all material questions concerning the auditing and accounting policies of the Company / its subsidiary(s) and their financial controls and systems, review and ensure correctness, sufficiency and credibility of annual financial statements of the Company and subsidiary companies, review with the management financial condition and results of operation, review quarterly and annual financial results, scrutiny of inter-corporate loans and investments, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, reviewing statement of utilization of funds raised through public / rights / preferential issue, overseeing the Whistle Blower Policy / Vigil Mechanism, review, approve and monitor transactions with related parties, reviewing, monitoring and evaluating the internal control system including internal financial controls and risk management system, reviewing utilization of loans / advances / investments made to subisidiary(s).

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. R. Sridhar, Mr. Dhanpal Jhaveri and Mr. Shailesh Shirali.

During the year under review, the ALCO met 4 (four) times on May 20, 2019, August 08, 2019, November 07, 2019 and February 06, 2020. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

Composition of the ALCO and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. R. Sridhar	Chairman	4
Mr. Dhanpal Jhaveri	Member	3
*Mr. Shailesh Shirali	Member	3
@Mr. Sameer Sain	Member	0

*Appointed as a Member from June 26, 2019

@Ceased to be a Member from June 26, 2019.

Subsequent to the year under review, the ALCO was reconstituted by appointment of Mr. Sridhar Rengan and Mr. Amol Joshi and cessation of Mr. Shailesh Shirali, as Members of the Committee.

Terms of reference

The terms of reference of the ALCO *inter-alia* includes: monitoring the asset liability composition of the Company's business, determining actions to mitigate risks associated with the asset liability mismatches, determining and reviewing the current interest rate model of the Company, approve proposals and detailed terms and conditions of borrowings from banks, reviewing the borrowing programme of the Company, review product pricing and desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities.

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul, Mr. R. Sridhar, Mr. Amol Joshi and Mr. Prashant Joshi.

During the year under review, the RMC met 4 (four) times on May 20, 2019, August 08, 2019, November 07, 2019 and February 06, 2020. The required quorum was present at all the above meetings.

Composition of the RMC and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Dinesh Kumar Mehrotra	Chairman	4
Mr. Hemant Kaul	Member	4
Mr. R. Sridhar	Member	4
*Mr. Pankaj Thapar	Member	2
@Mr. Amol Joshi	Member	2
Mr. Prashant Joshi	Member	4

*Ceased to be a Member from August 08, 2019.

@Appointed as a Member from August 08, 2019.

Subsequent to the year under review, the RMC was reconstituted by designation of Mr. Hemant Kaul as Chairman, appointment of Mr. Nataraj Puroshathaman, Mr. Vibhor Talreja and Mr. Aditya Joshi as Members and cessation of Mr. Dinesh Kumar Mehrotra and Mr. Prashant Joshi as Members of the Committee.

Terms of reference

The terms of reference of the RMC *inter-alia* includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution / implementation of risk management practices, deciding on transactions that are proposed to be entered into by the Company that have a potential for a conflict of interest in assessment by the members of the Credit Committee.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

The NRC comprises Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Alok Oberoi and Mr. Hemant Kaul. In terms of the Act and the Listing Regulations, half of the Members of the NRC are Independent Directors.

During the year under review, the NRC met 5 (five) times on May 20, 2019, June 26, 2019 August 08, 2019, January 31, 2020 and February 06, 2020. The required quorum was present at all the above Meetings. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on August 30, 2019. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Composition of the NRC and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Bobby Parikh	Chairman	5
Mr. Dhanpal Jhaveri	Member	4
Mr. Alok Oberoi	Member	1
Mr. Hemant Kaul	Member	3

Subsequent to the year under review, the NRC was reconstituted by designation of Mr. Hemant Kaul as Chairman, appointment of Mr. Aditya Joshi as Member and cessation of Mr. Alok Oberoi as Member of the Committee.

Terms of reference

The terms of reference of the NRC *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors / senior management personnel and independence of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulate and administer employee stock options plans of the Company.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

The CSR Committee comprises Mr. Dinesh Kumar Mehrotra, Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Ms. Naina Krishna Murthy.

During the year under review, the CSR Committee met 1 (one) time on August 08, 2019. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Composition of the CSR Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Dinesh Kumar Mehrotra	Chairman	1
Mr. Dhanpal Jhaveri	Member	1
Mr. R. Sridhar	Member	1
Ms. Naina Krishna Murthy	Member	1

Subsequent to the year under review, the CSR Committee was reconstituted by designation of Ms. Naina Krishna Murthy as Chairperson, appointment of Mr. Bobby Parikh and Mr. Sridhar Rengan as Members and cessation of Mr. Dinesh Kumar Mehrotra as Chairman and Member of the Committee

Terms of reference

The terms of reference of the CSR Committee *inter-alia* includes: formulating and monitoring the CSR Policy, recommending to the Board the amount and area of CSR expenditure, implementation and monitoring the CSR Projects.

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Mr. Shailesh Shirali.

During the year under review, the Debenture Committee met 4 (four) times on November 22, 2019, December 24, 2019, January 31, 2020 and March 04, 2020. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Composition of the Debenture Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Dhanpal Jhaveri	Chairman	4
Mr. R. Sridhar	Member	1
*Mr. Shailesh Shirali	Member	4
@Mr. Sameer Sain	Member	-

*Appointed as a Member from June 26, 2019.
@Ceased to be a Member from June 26, 2019.

Subsequent to the year under review, the Debenture Committee was reconstituted by appointment of Mr. Amol Joshi and Mr. Pankaj Thapar as Members and cessation of Mr. Dhanpal Jhaveri as Chairman and Member and Mr. Shailesh Shirali as Member of the Committee.

Terms of reference

The terms of reference of the Debenture Committee inter-alia includes: determination and approval of all matters relating to issue / buyback / repurchase of debentures and all other acts and deeds that it deems necessary / incidental in that regard.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar, Mr. Dinesh Kumar Mehrotra and Mr. Bobby Parikh. Mr. Jitendra Bhati, Company Secretary acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, the Stakeholders' Relationship Committee met once on May 20, 2019. All the members of the Committee were present at the said meeting. The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting of the Company held on August 30, 2019

Composition of the Stakeholders' Relationship Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Dhanpal Jhaveri	Chairman	1
Mr. R. Sridhar	Member	1
Mr. Dinesh Kumar Mehrotra	Member	1
Mr. Bobby Parikh	Member	1

Subsequent to the year under review, the Stakeholders' Relationship Committee was reconstituted by appointment of Mr. Aditya Joshi and Ms. Naina Krishna Murthy and cessation of Mr. Dinesh Kumar Mehrotra, as Members of the Committee.

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee *inter-alia* includes: to oversee, monitor and address grievances of shareholders, debenture holders, investors and other security holders, perform all functions relating to the interests of security holders of the Company, oversee the performance of the registrar and transfer agents of the Company, monitor transfer of transferable amounts to investor education protection fund, reviewing measures taken for effective exercise of voting rights by shareholders, reviewing measures taken for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the year under review, 2 complaints were received from investors / shareholders of which 1 was related to the initial public offering of equity shares of the Company. Both the complaints have been resolved to the satisfaction of the shareholders and none were pending as on March 31, 2020.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Prashant Joshi, Mr. Amol Joshi and Mr. Pradeep Kumar (CIO).

During the year under review, the IT Strategy Committee met 2 (two) times on May 22, 2019 and November 04, 2019. The required quorum was present at both the meeting(s).

Composition of the IT Strategy Committee and the details of attendance by the Members at the meeting(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Bobby Parikh	Chairman	2
Mr. R. Sridhar	Member	-
Mr. Pankaj Thapar	Member	1
Mr. Prashant Joshi	Member	2
Mr. Pradeep Kumar	Member	2
*Mr. Amol Joshi	Member	-

*Appointed as a Member from August 08, 2019.

Subsequent to the year under review, the IT Strategy Committee was reconstituted by appointment of Mr. Aditya Joshi and cessation of Mr. Pankaj Thapar and Prashant Joshi, as Members of the Committee.

Terms of Reference

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India which *inter-alia* includes: to approve and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

OTHER COMMITTEES

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Board of Directors constituted an Internal Complaints Committee. Further, considering geographic diversification throughout the Country and increase in number of employees, the Board of Directors also constituted Regional Internal Complaints Committees for the North, West and South regions.

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Ms. Sneha Singh, Mr. Nishant Kotak, Mr. Shailesh Shirali, Mr. Prashant Joshi and Ms. Srividya Sriram (External Member from an association committed to the cause of women). Subsequent to the year under review, Ms. Sneha Singh, Mr. Nishant Kotak, Mr. Shailesh Shirali and Mr. Prashant Joshi ceased to members and Ms. Jaya Janardanan, Mr. Amol Joshi, Mr. Nataraj Puroshathaman and Mr. Jayant Gunjal were appointed as members of the Committee.

No complaints related to sexual harassment were received / were pending during the year under review.

Terms of Reference

The terms of reference of the Internal Complaints Committee *inter-alia* includes: conducting an inquiry into complaints made by any aggrieved woman at the workplace and arrive at a conclusion as to whether the allegation for which the complaint has been filed is proved or not and take necessary action to resolve the complaints, preparing annual report for each calendar year and submitting of the same to the Board of Directors, the District Officer and such other officer as may be prescribed, and monitoring and implementing the Company's Care and Dignity Policy.

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Prashant Joshi (Grievance Redressal Officer) [appointed with effect from August 08, 2019] and Mr. R. Sridhar.

During the year under review, the Committee met once on August 08, 2019.

Subsequent to the year under review, the GRC was reconstituted by appointment of Ms. Jaya Janardanan (Grievance Redressal Officer) as Member in place of Mr. Prashant Joshi.

Terms of Reference

The terms of reference of the Grievances Redressal Committee *inter-alia* includes: addressing complaints of borrowers or customers of the Company, including but not limited to, applications for loans and their processing, loan appraisal and its terms / conditions, disbursement of loans, change in terms and conditions and any other grievances that a borrower or customer may have against the Company.

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone audited financial statements of the Company for the financial year ended March 31, 2020.

In addition, for the purpose of effective implementation of the Fair Practices Code, the Committee has also adopted a Grievance Redressal Mechanism which *inter-alia* assists in communicating to the customers the modes available to them for getting their grievances addressed to their satisfaction.

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi (appointed with effect from August 08, 2019).

During the year under review, the Committee met 4 (four) times on August 19, 2019, November 07, 2019, January 07, 2020 and February 06, 2020.

Subsequent to the year under review, the Banking Committee was reconstituted by designation of Mr. R. Sridhar as Chairman, appointment of Mr. Jayant Gunjal as Member and cessation of Mr. Dhanpal Jhaveri as Chairman and Member of the Committee.

Terms of Reference

The terms of reference of the Banking Committee, constituted for the internal functioning and operational convenience of the Company *inter-alia* includes: matters relating to opening, operating, closing, change in signatories or such related matters of bank account(s), demat account(s), broking account(s), trading account(s) and CSGL account(s) of the Company.

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises the Chief Financial Officer, Head – Corporate Lending and Markets and Head – Debt Capital Markets.

The Committee meets on multiple occasions as and when required.

Terms of Reference

The terms of reference of the Investment Committee, constituted for the internal functioning of the Company *inter-alia* includes: defining criteria for classifying investments into current and long term, approving purchase or sale of investments, periodic review of the investment portfolio of the Company and approve brokers / other intermediaries who can be engaged for investment function.

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

The Board of Directors constituted the Management Committee as the principal forum for taking operational decisions for the effective functioning of the Company. Pursuant to the growth of business, in size, as well as expansion across multiple products and locations, the Board of Directors also constituted the Corporate Lending Committee and Retail Lending Committee which *inter-alia* act as decision making bodies on business related matters of corporate lending and retail lending business segments of the Company, respectively.

Composition:

The Management Committee comprises Mr. R. Sridhar, Mr. Shailesh Shirali, Mr. Prashant Joshi, Mr. Pankaj Thapar and Mr. Amol Joshi (appointed with effect from August 08, 2019).

Subsequent to the year under review, Mr. Shailesh Shirali and Mr. Prashant Joshi, ceased to be Members of the Committee.

The Corporate Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Shailesh Shirali, Mr. Pankaj Thapar and Mr. Amol Joshi (appointed with effect from August 08, 2019).

Subsequent to the year under review, Mr. Dhanpal Jhaveri ceased to be Chairman and Member and Mr. Shailesh Shirali ceased to be Member of the Committee.

The Retail Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Prashant Joshi, Mr. Pankaj Thapar and Mr. Amol Joshi (appointed with effect from August 08, 2019).

Subsequent to the year under review, Mr. Dhanpal Jhaveri ceased to be Chairman and Member and Mr. Prashant Joshi ceased to be Member of the Committee.

Meetings: The Committee(s) meet on multiple occasions as and when required.

Terms of Reference:

Management Committee

The terms of reference of the Management Committee *inter-alia* includes: decision making around all policy matters or legally mandated matters unless restricted by the law or the Board of Directors. The Management Committee is also responsible for all administrative and operational matters such as capital expenditure, leasing of premises, authority to represent the Company, change or appoint nominee shareholders in any subsidiary / associates companies and implement policies adopted by the Board of Directors.

Corporate Lending Committee

The terms of reference of the Corporate Lending Committee *inter-alia* includes the following with respect to the corporate lending business of the Company: examining credit proposals and recommending the same to the Credit Committee for its approval, approve deviations to sanctioned credit proposals, ensure adequate security / encumbrance is created / registered in favour of the Company, approve / recommend amendment(s) to / adoption of various relevant policies / manuals, approve deployment of funds in terms of Treasury Policy, approve proposals under Short Term Loan Programme and Sell Down Mandate of the Company, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, update and report to the Credit Committee and to do all other acts, deeds and things, which do not require specific approval of the Board of Directors / Credit Committee.

Retail Lending Committee

The terms of reference of the Retail Lending Committee *inter-alia* includes the following with respect to the retail lending business segments of the Company: adopting / revising relevant policies, approving appointment of various agencies / vendors, approving or modifying various agreement(s), document(s) & contract(s), undertaking all or any business and / or operational activities, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and updating / reporting to the Credit Committee.

CODES AND POLICIES

In terms of the RBI Directions, the circulars / regulations / guidelines issued by SEBI including the Listing Regulations, provisions of the Act, various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board of Directors has adopted several codes / policies / guidelines which amongst others includes the following:

Internal Guidelines on Corporate Governance

In terms of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India (“RBI NDSI Directions”) and in order to adopt best practices and facilitate greater transparency in operations, the Board of Directors adopted the 'Internal Guidelines on Corporate Governance'.

The Internal Guidelines on Corporate Governance covers areas related to corporate governance and compliance *inter-alia* with respect to the Board, the Committees constituted by the Board, subsidiary company(ies), auditors, conflict of interest and reference to other code(s) and policy(ies) of the Company. The Internal Guidelines on Corporate Governance is available on the website of the Company.

Fair Practices Code

In terms of the RBI NDSI Directions, the Board of Directors adopted a 'Fair Practices Code' which *inter-alia* deals with matters related to manner of application for loans, their processing, loan appraisal, terms / conditions and disbursement of loans and changes in terms and conditions of loans sanctioned.

In terms of the Fair Practices Code, to provide best customer services and to ensure speedy redressal of customer grievances, the Grievances Redressal Committee adopted a 'Customer Grievance Redressal Mechanism' which includes the manner in which complaints can be registered by a customer and the manner and time-lines for resolution of complaints by the Company.

The Fair Practices Code and the Grievance Redressal Mechanism are available on the website of the Company.

Investment and Loan Policy

In terms of the requirements of the RBI NDSI Directions, to have a documented policy for investment and demand / call loans granted by the Company, the Board of Directors adopted an 'Investment and Loan Policy' which also includes specific provisions for demand/call loans.

The Investment and Loan Policy *inter-alia* covers, for investments - the criteria to classify the investments into current or long term investments, transfer of investments, norms for depreciation / appreciation, categorization, valuation and manner of transacting in government securities; and for lending - specific provisions for demand / call loans, takeover / refinancing, provisions around lending against shares, collateral value / asset cover, infrastructure loans, asset classification and provisioning requirements.

In addition to the Investment and Loan Policy, the Company has also adopted a 'Treasury Policy' for setting out an operational framework for management of surplus funds and an 'Investment Policy' to prescribe detailed criteria for investment / divestment of the funds of the Company (other than surplus funds) and to prescribe a formal framework for management of the Investment Portfolio of the Company.

Policy on Single / Group Exposure Norms

In terms of the requirements of RBI NDSI Directions, to have a documented policy with respect to exposure to a single party or a single group of parties, the Board of Directors adopted a 'Policy on Single / Group Exposure Norms'.

The Policy on Single/Group Exposure Norms *inter-alia* intends to align the loan / investment amounts of the Company to the repayment capacity / servicing ability of the borrower and spread exposures over a large number of borrowers / entities and to contain the impact of market, economic and other movements on the loan / investment portfolio of the Company.

Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-alia* incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

The KYC & AML Policy provides a comprehensive and dynamic framework and measures relating to KYC, AML and CFT to be considered while conducting business. The primary objective of the policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

Risk Framework and Policy

In terms of the RBI NDSI Directions, the Listing Regulations and provisions of the Act, the Company's 'Risk Framework and Policy' encompasses the organisation structure, strategies, systems and procedures. It integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The policy is laid down in light of the Company's objectives, business strategy and complexity arising out of the products / services and other activities carried out in pursuit of these objectives and implementation of these strategies. The Risk Framework and Policy is available on the website of the Company.

Internal Control Framework

In terms of the provisions of the Act and the Listing Regulations, requiring the Company to lay down adequate internal financial controls and in order to strengthen the existing internal controls of the Company enforced through its policies / processes / codes, the Board of Directors adopted an 'Internal Control Framework'. The Internal Control Framework largely outlines a framework for identifying financial reporting and operational risks which may affect the Company, necessary steps to mitigate such risks, reduce the probability of and potential impact in case of materialisation of risks, creating awareness amongst functional staff and draw down a risk ownership structure to manage risks in a timely manner.

Interest Rate Policy

The Company determines the pricing of loans in a transparent manner. In terms of the requirement of RBI NDSI Directions, to have a policy document for interest rates being charged on loans disbursed by the Company and the Fair Practices Code of the Company, the Board of Directors adopted an 'Interest Rate Policy'.

The Interest Rate Policy of the Company *inter-alia* outlines the manner and factors to be considered while determining interest rate applicable to a particular loan and the approach of the Company for gradation of risk. The range of Annualised Rate of Interest that can be charged by the Company across its different business segments is mentioned in the Interest Rate Policy. Since the Company focuses on providing credit only to customers meeting its credit standards for varying tenors, the interest rate to be charged is assessed on a case to case basis, based on the evaluation of various factors and in line with the range prescribed in the Interest Rate Policy. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Asset Liability Management ("ALM") Guidelines prescribed vide RBI NDSI Directions, the Board of Directors adopted an 'ALCO Policy'.

The ALCO Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. The policy describes the process that should be followed by the ALCO to evaluate the effectiveness of the Company's internal control procedures with respect to managing ALM risks. The ALCO Policy is available on the website of the Company.

Subsequent to the year under review, in line with RBI Directions, the Company adopted a Liquidity Risk Management Policy to strengthen and raise the standard of the Asset Liability Management (ALM) framework of the Company.

Resource Planning Policy

In terms of the requirement of the Guidelines on Private Placement of Non-Convertible Debentures prescribed vide the RBI NDSI Directions, to have a documented policy with respect to resource planning for every year, the Board of Directors adopted a 'Resource Planning Policy' for the year under review.

The Resource Planning Policy of the Company *inter-alia* promotes discipline in resource planning and raising of funds *inter-alia* through private placement of non–convertible debentures, bank borrowings, loan assignment and issuance of commercial paper, etc. and also covers the planning horizon and the periodicity of fund raising by the Company.

Fraud Risk Policy

In terms of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India for prevention of frauds and effective management of fraud risk, the Board of Directors adopted a 'Fraud Risk Policy'. In order to ensure effective implementation of the Fraud Risk Policy, the Board of Directors adopted a 'Fraud Risk Management Framework'.

The Fraud Risk Policy *inter-alia* sets out the responsibility of employees and management in relation to reporting of fraud or suspected fraud within the Company. The Fraud Risk Policy applies to any irregularity or suspected irregularity, involving employees, borrowers and where appropriate consultants, vendors, contractors, outside agencies doing business with the Company or employees of such agencies, and / or any other parties having a business relationship with the Company.

Policy on Selection Criteria / "Fit & Proper" Person Criteria

In terms of provisions of the Act, Guidelines on Corporate Governance prescribed vide RBI NDSI Directions and the Listing Regulations, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit and Proper" Person Criteria' which lays down a framework relating to appointment of Director(s) and senior management personnel including key managerial personnel of the Company.

The Policy on Selection Criteria / "Fit and Proper" Person Criteria *inter-alia* includes:

- Manner / process for selection of Directors and senior management personnel including key managerial personnel;
- Criteria to be considered for appointment of Directors including qualifications, positive attributes, fit and proper person status and independence criteria for Independent Directors;
- Criteria to be considered for appointment in senior management of the Company.

In terms of the Policy on Selection Criteria / "Fit and Proper" Person Criteria, the Nomination & Remuneration Committee is primarily responsible for:

- Guiding and recommending to the Board of Directors the appointment and removal of Director(s), senior management personnel and key managerial personnel of the Company.
- Ensuring "Fit and Proper" Person status of proposed / existing Director(s)

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Outsourcing Policy

In order to protect the interest of the customers of non-banking financial companies ("NBFCs") and to ensure that NBFCs and the Reserve Bank of India have access to all relevant books, records and information available with service providers to whom financial activities of the NBFC have been outsourced, the Reserve Bank of India issued Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs ("RBI Outsourcing Directions"). In line with the RBI Outsourcing Directions, the Board of Directors adopted an 'Outsourcing Policy' to govern its material outsourcing arrangements *inter-alia* setting out parameters for defining materiality of outsourcing arrangements, listing out activities which can and cannot be outsourced, criteria for selection of service providers, risks in outsourcing and its mitigation, delegation of authority for entering into outsourcing arrangements depending on risks and materiality, and systems to monitor and review the operations of the outsourced activities.

Information Technology related Policies and Processes

In terms of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India, the Board of Directors adopted various polices for Information Technology (IT) risk management, resource management and performance management which *inter-alia* include the 'IT Policy', 'Information Security Policy', 'Cyber Security Policy', 'IS Audit Policy', 'Logical Access Management Policy', 'Change Management Policy', 'Backup Management & Restoration Policy', 'Asset Management Policy', 'Capacity Management Policy' and 'IT Outsourcing Policy'. Further, the Board of Directors adopted various IT processes to ensure effective implementation of the IT policies.

Policy on Co-origination of Loans with Banks

During the year under review the Reserve Bank of India introduced a model whereby banks could engage with NBFCs for co-origination of loans to priority sectors, and prescribed detailed guidelines governing this model ("Co-origination Guidelines"). In line with the Co-origination Guidelines, the Board of Directors adopted a 'Policy on Co-origination of Loans with Banks' to enable the Company to explore opportunities of co-originating priority sectors loans with Banks.

Policy on Independence of Chief Risk Officer of the Company

In terms of requirements of the RBI NDSI Directions, the Board of Directors of the Company adopted 'Policy on Independence of Chief Risk Officer (CRO)' *inter-alia* prescribing the norms including reporting channels for CRO, to ensure his independence from the executive management of the Company.

Whistle Blower Policy / Vigil Mechanism

In terms of requirements of the Listing Regulations and provisions of the Act, the Board of Directors adopted a codified 'Whistle Blower Policy / Vigil Mechanism' *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee and to report genuine concerns related to the Company and to provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

The Vigil Mechanism provides a channel to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company.

Related Party Transaction Policy

In term of the provisions of the Listing Regulations, the Act and RBI NDSI Directions, the Board of Directors adopted a 'Related Party Transaction Policy' to ensure proper approval and reporting of transactions between the Company and its related parties.

The Related Party Transaction Policy *inter-alia* sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders. The Related Party Transaction Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Code of Conduct for Directors & Employees

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a comprehensive 'Code of Conduct for Directors and Employees' which is applicable to all the Directors including Non-Executive Directors and Independent Directors and employees of the Company to the extent of their role and responsibilities in the Company. The code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Sridhar, the Executive Vice-Chairman & CEO of the Company, is annexed to this Corporate Governance Report.

Policy for Determining Material Subsidiary

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determining Material Subsidiary' which *inter-alia* sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which *inter-alia* sets out guidelines for determining materiality of events / information for the purpose of disclosure to the stock exchanges and identifies officers of the Company who shall be authorized to make necessary disclosures to the stock exchanges. The Policy for Determination of Materiality of Events and Information is available on the website of the Company.

Archival Policy

In terms of the Listing Regulations, the Board of Directors adopted an 'Archival Policy' in order to prescribe the period for which events / information disclosed to the stock exchanges, shall be hosted on the website of the Company. The Archival Policy is available on the website of the Company.

Policy on Diversity of Board of Directors

In terms of the Listing Regulations, the Board of Directors adopted a 'Policy on Diversity of Board of Directors' to set out a transparent process for nomination of persons to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender.

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company.

The Remuneration Policy is adopted to *inter-alia* ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Mentioned below are details of sitting fees paid to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ in lacs)

Name of the Director	Sitting Fees
Mr. Bobby Parikh	9.50
Mr. Dinesh Kumar Mehrotra	7.00
Mr. Hemant Kaul	6.60
Ms. Naina Krishna Murthy	5.85

Non-Executive Directors were not paid any remuneration during the year under review except sitting fees paid to Independent Directors. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

During the year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees as disclosed herein above.

In terms of the Remuneration Policy of the Company and employment contracts, Executive Directors are paid remuneration by way of monthly salary and / or fixed component as per approved terms, which comprises salary, contribution to provident fund, allowances, mediclaim, gratuity, bonus etc. Further, in terms of the Remuneration Policy and employment contracts, Executive Directors may also be paid variable compensation based on Director's contribution towards the Company's growth.

Mr. R. Sridhar is appointed as Whole-Time Director of the Company for a period of five years with effect from April 18, 2017. Further, in terms of the letter of employment with Mr. R. Sridhar, Executive Vice-Chairman & CEO of the Company, which was effective during financial year 2019-20, in addition to remuneration by way of monthly salary and variable performance linked compensation, Mr. Sridhar was entitled to admission / one-time membership fee to be paid by the Company for club membership of any club in Mumbai selected by Mr. Sridhar limited to a maximum amount of ₹ 4.1 million (exclusive of taxes). Mr. Sridhar was entitled to medical insurance including for his dependents, and life insurance as per the Company's group medical / term insurance policies, cost of which was factored into fixed salary. Further, Mr. Sridhar was entitled to a one-time guaranteed bonus payable with the salary for May 2022 or upon the occurrence of a change of control event, as defined in his letter of employment, whichever is earlier. The letter of employment can be terminated by the Company by giving six months' notice or salary in lieu thereof and it can be terminated by Mr. Sridhar by giving 6 months prior notice. There is no separate provision for payment of severance fees. Further, Mr. Sridhar holds 24,11,500 stock options of the Company.

Subsequent to the year under review, considering Mr. Sridhar's valuable service towards the Company and his role in the investment transaction with BCP V Multiple Holding Pte. Ltd., the Company executed a Management Contract with Mr. R. Sridhar in replacement of earlier letter of employment governing his remaining tenor as Whole-Time Director of the Company i.e. upto April 17, 2022. The Management Contract came in to effect from July 09, 2020, subject to receipt approval of shareholders of the Company. In terms of the Management Contract, Mr. Sridhar is entitled to gross salary of ₹ 3.20 crore per annum and fixed bonus of ₹ 6.80 crore per annum. The Management Contract can be terminated by the Company without any cause by giving 6 months' notice in writing or payment of salary in lieu thereof and by Mr. Sridhar by giving 6 months' notice in writing. There is no separate provision for payment of severance fees. Further, in terms of the Management Contract, Mr. Sridhar is entitled to grant of additional 10 lac stock options of the Company, subject to receipt of necessary statutory approvals.

Mr. Shailesh Shirali was appointed as a Whole-Time Director of the Company, with effect from June 26, 2019, was entitled to fixed salary and performance linked variable compensation. Mr. Shirali was entitled to medical insurance including his immediate family, and life insurance as per the Company's group mediclaim and term insurance policies cost of which was factored into fixed salary. Mr. Shirali's employment with the Company could be terminated either by the Company or Mr. Shirali by giving three months notice or salary in lieu there-of. There was no separate provision for payment of severance fees. Further, Mr. Shirali held 17,60,777 stock options of the Company as on March 31, 2020. Subsequent to the year under review, Mr. Shirali resigned from the office of Whole-Time Director with effect from July 10, 2020.

Record Retention Policy

In order to facilitate operations by promoting efficiency in record keeping, eliminating accidental destruction of valuable records and in order to be in compliance with various laws applicable in this regard including the Listing Regulations, the Board of Directors adopted a 'Record Retention Policy'.

The Record Retention Policy provides for the systematic review, retention, and destruction of records and documents received or created by the Company.

Dividend Distribution Policy

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors

The Independent Directors of your Company were familiarised *inter-alia* with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning roles rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Business Responsibility Policy

In terms of the provisions of the Listing Regulations and National Voluntary Guidelines on Social, Environmental and Economic responsibilities of a Business published by the Ministry of Corporate Affairs governing conduct of companies, the Board of Directors adopted a 'Business Responsibility Policy' to set out a unified and common approach to the dimensions of business responsibility across the organisation.

Corporate Social Responsibility ("CSR") Policy

In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company *inter-alia* indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

During the year under the review, the CSR policy was amended to enhance the areas / fields in which the Company can undertake its CSR activities by including disaster management within the Company's scope of CSR programmes.

The CSR Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Board Performance Evaluation Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairman. Additionally in order to outline detailed process and criteria for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

The manner in which formal annual evaluation of the performance of the Board, its Committees and individual Directors including Chairman was conducted is given below:

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of the Board collectively, individual non-independent directors and the Chairperson, was circulated to the Independent Directors. Performance ratings were given by the Independent Directors on the questionnaire circulated for each category to be evaluated by them at their separate meeting.

- Based on Independent Directors feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluated the performance of Non-Independent Directors, the Board as a whole and the Chairman;

- Further, based on evaluation by Independent Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analysed and evaluated its own performance, that of its Committees and each Director including the chairman.

Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Process adopted by the Nomination & Remuneration Committee *inter-alia* prescribe criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects;

level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

Code of Conduct for Prohibition of Insider Trading and Internal Procedures and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and in order to maintain highest standards whilst dealing with confidential and unpublished price sensitive information of the Company and in order to ensure uniform dissemination of unpublished price sensitive information, the Board of Directors adopted (i) a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company is available on the website of the Company.

Code for Independent Directors

In terms of provision of the Act, the Board of Directors adopted a 'Code for Independent Directors' in order to ensure fulfillment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority shareholders and regulators in the institution of independent directors and sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc. The Code for Independent Directors is available on the website of the Company.

In addition, as a part of its larger good corporate governance initiative, the Board of Directors has also adopted certain other codes and policies.

Anti-Corruption Policy

To further affirm Company's zero-tolerance approach towards corruption, to act professionally with integrity in all its business dealings and relationships wherever it operates and to conduct its business in an honest and ethical manner by preventing / countering corruption within the organisation, the Board of Directors adopted an 'Anti-Corruption Policy'.

The Anti-Corruption Policy *inter-alia* aims to prohibit the Company's personnel, and any other entity or person acting for or on behalf of the Company from offering, providing or receiving prohibited gratuities, bribes, gifts, entertainment, facilitating payments, or anything of value to or for the benefit of a government official or any other person contrary to anti-corruption laws or engaging in activities or transactions with sanctioned or blacklisted countries or individual parties contrary to applicable laws or engaging in any corrupt, fraudulent, coercive or collusive practice. The Anti-Corruption Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of valuing compliance, the Board of Directors adopted a 'Compliance Process' which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

The Company's 'Media Communication Policy' encompasses the organisation structure, systems and procedures to manage communications with external audiences in a co-ordinated way via appointed spokespeople to ensure that external communication is consistent and aligned with the policies and needs of the Company.

Care and Dignity Policy

Consistent with its core values, the Company is committed to creating an environment in which all individuals are treated with respect and dignity and promote a gender sensitive safe work environment. The Company has zero tolerance to any form of sexual discrimination and / or harassment and hence has adopted a 'Care and Dignity Policy' to ensure that its employees are not subjected to any form of discrimination and / or sexual harassment.

GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2016 – 2017	September 29, 2017	11:00 a.m.	Issue of non-convertible debentures under private placement	One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
2017-2018	September 27, 2018	11:00 a.m.	• Increase in borrowing Limits for the Company • Issue of non-convertible debentures under private placement basis • Ratification and amendment of IndoStar ESOP Plan 2012, IndoStar ESOP Plan 2016, IndoStar ESOP Plan 2016-II, IndoStar ESOP Plan 2017 and IndoStar ESOP Plan 2018 (IndoStar ESOP Plans) • Ratification of IndoStar ESOP Plans for grant of options to the eligible employees of subsidiary companies / holding company • Alteration to the Articles of Association of the Company	Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025
2018-19	August 30, 2019	3:00 p.m.	• Re-appointment of Mr. Bobby Parikh as a Non-Executive Independent Director of the Company • Increase in Borrowing Limits of the Company • Issue of non-convertible debentures under private placement • Increase in aggregate limit of investment and holding by Foreign Portfolio Investors in the Equity Share Capital of the Company • Sale / Assignment / Securitisation of loan receivables of the Company upto ₹ 5,000 crore in a Financial Year	Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai – 400 018

During the year under review, the Company convened 1 (one) Extraordinary General Meeting as detailed hereunder:

Date	Time	* Resolutions passed	Venue
March 01, 2020	11:00 a.m.	**Special Resolution:** Issuance of Equity Shares and Compulsorily Convertible Preference Shares on preferential basis and matters related therewith **Ordinary Resolution:** Increase of Authorised Share Capital of the Company and consequent alteration of Clause V(a) of the Memorandum of Association of the Company	Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai – 400 018

During the year under review, no resolutions were passed through postal ballot.

None of the businesses are proposed to be transacted at the ensuing Annual General Meeting are proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly and annual financial results are published in Free Press Journal and Navshakti;
- Presentations and media releases on financial position and important events/ material developments of the Company are issued by the Company for information of investors;
- The Company arranges for investors calls / conferences for discussing financial position of the Company from time to time;
- The shareholders can also access the details of corporate governance policies, Board committees, financial information, shareholding information, details of unclaimed dividends, etc. on the Company's website;
- Institutional investors / analysts presentations and media releases are submitted to the stock exchanges and are also hosted on the Company's website.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	11th Annual General Meeting
	Date: September 24, 2020
	Time: 11:30 a.m. (IST)
	Mode of conducting the meeting: Video conferencing / other audio visual means
Financial Year	April 1 to March 31
Dividend Payment Date	Not Applicable
Date of Book Closure	September 18, 2020 to September 24, 2020 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges
Stock Code	BSE: 541336
	NSE: INDOSTAR
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in
Share Transfer System	In terms of the Listing Regulations w.e.f April 1, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2020, out of 9,24,50,915 Equity Shares, 9,24,49,689 Equity Shares of the Company (99.999% of the Equity Shares of the Company) were held in dematerialized form
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable
Utilisation of Funds raised through Preferential Allotment/Qualified Institutions Placement	During the year under review, the Company has not raised any funds by way of Preferential Allotment/ Qualified Institutions Placement Subsequent to the year under the review, the Company raised ₹ 1,225 crore by way of preferential allotment of equity shares and compulsorily convertible preference shares to BCP V Multiple Holdings Pte. Ltd. on May 27, 2020. The funds were utilized for the purposes for which they were raised.
Plant Locations	Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places throughout India.
Address for Correspondence	Mr. Jitendra Bhati Company Secretary & Compliance Officer One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013. Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com

List of Credit Ratings along with any revisions during the financial year	**LONG TERM**	
	Debt Programme	
	CARE Ratings Limited	CARE AA-
	India Ratings & Research Private Limited (Fitch Group)	IND AA-
	Market Linked Debentures	
	CARE Ratings Limited	CARE PP-MLD AA-
	SHORT TERM DEBT PROGRAMME/COMMERCIAL PAPER:	
	CARE Ratings Limited	CARE A1+
	ICRA Limited	[ICRA] A1+
	CRISIL Limited	CRISIL A1+

Distribution of Shareholding as on March 31, 2020:

Sr. No.	No. of Equity Shares - Range	Shareholders		Shareholding	
		No. of equity shareholders	% of total equity shareholders	No. of equity shares held	% of total equity shares
1	1 - 500	95,277	99.21	30,38,783	3.29
2	501 - 1000	349	0.36	2,66,007	0.29
3	1001 - 2000	165	0.17	2,46,420	0.27
4	2001 - 3000	69	0.07	1,80,587	0.19
5	3001 - 4000	22	0.02	77,706	0.08
6	4001 - 5000	17	0.02	76,514	0.08
7	5001 - 10000	40	0.04	3,13,888	0.34
8	10001 & above	100	0.11	8,82,51,010	95.46
Total		**96,039**	**100.00**	**9,24,50,915**	**100.00**

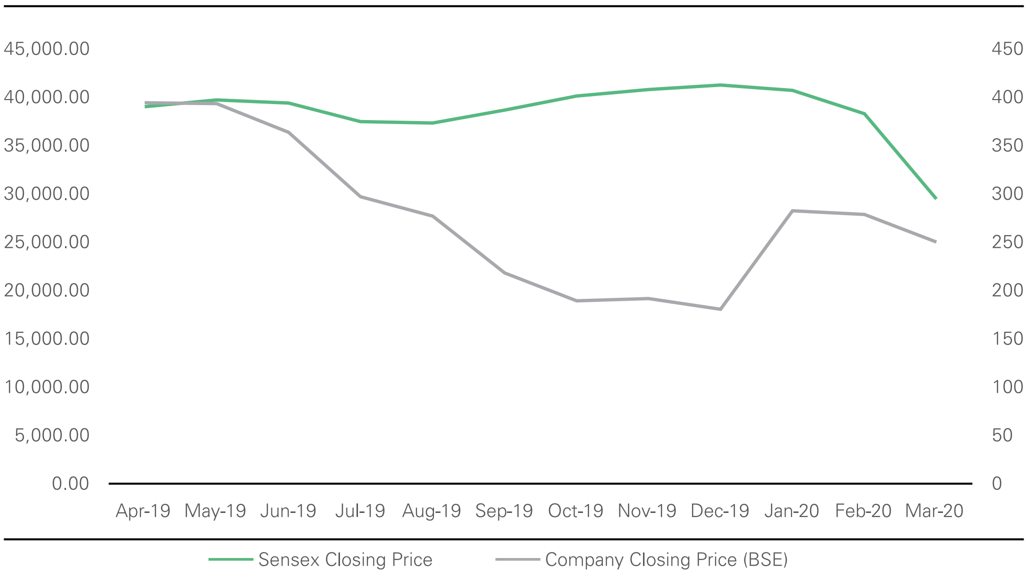
Shareholding Pattern as on March 31, 2020:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	5,25,94,228	56.89
2	Promoter Group	34,48,005	3.73
	Total (A)	**5,60,42,233**	**60.62**
B	**Public**		
1	Mutual Funds	1,09,75,110	11.87
2	Alternative Investment Fund	9,63,006	1.04
3	Foreign Portfolio Investors	53,97,104	5.84
4	Financial Institutions / Banks	7,492	0.01
5	Insurance Companies	39,87,042	4.31
6	Individuals	72,08,717	7.80
7	Non-Resident Indians	1,25,774	0.14
8	Bodies Corporates	34,61,820	3.74
9	Others	42,82,617	4.63
	Total (B)	**3,64,08,682**	**39.38**
Total (A+B)		**9,24,50,915**	**100.00**

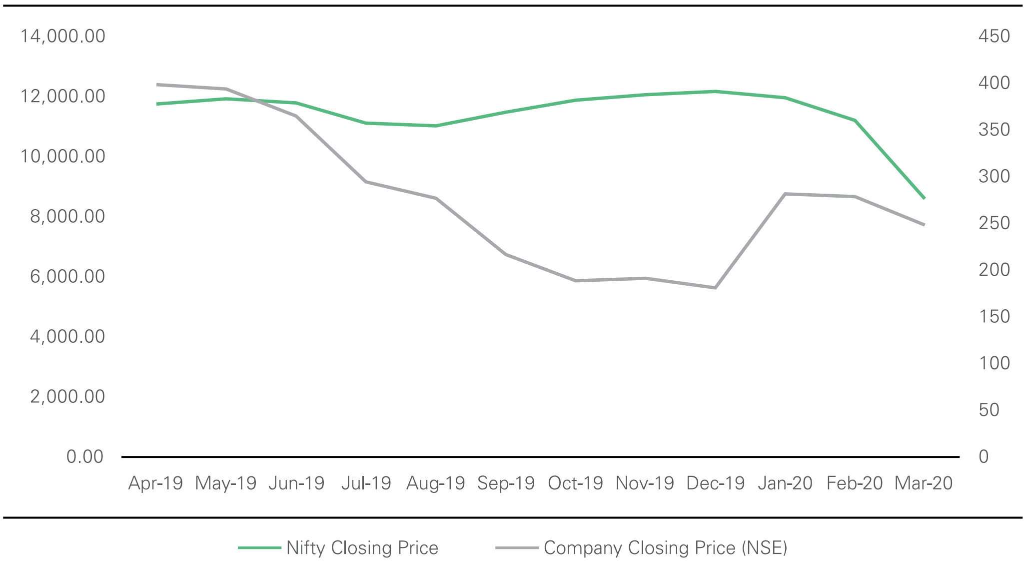
Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2020:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2019	442.85	377.60	442.70	376.95
May 2019	407.95	330.00	409.00	328.45
June 2019	399.80	350.00	401.20	350.25
July 2019	371.00	288.10	370.00	285.00
August 2019	308.15	272.40	306.00	271.10
September 2019	298.05	215.00	298.20	215.00
October 2019	232.00	177.00	224.35	177.00
November 2019	222.00	177.50	224.00	177.05
December 2019	199.00	166.00	198.95	166.00
January 2020	287.75	182.45	287.00	182.00
February 2020	296.95	273.20	297.00	277.70
March 2020	281.80	226.00	282.90	225.05

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2020:



Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2020:



OTHER DISCLOSURES

Materially significant related party transactions: During the year under review, the Company had not entered in to any materially significant related party transaction that may have potential conflict with the interests of Company at large.

Details of non-compliance: There were no instances of non-compliance, penalties, strictures imposed on the Company by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2020. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has adopted the following non-mandatory requirements of the Listing Regulations:

- The Board of Directors of the Company has resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;

- Audit Report on the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2020 is unqualified;

- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons.

- The internal auditors of the Company report directly to the Audit Committee of the Board.

Payment made to Statutory Auditors of the Company

Total payment by the Company and its subsidiaries paid to statutory auditors during the year under review:

₹ in lacs

Services / Particulars	Amount
Statutory and Tax Audit	59.69
Certification	22.40
Reimbursement of Administration Expenses	6.30

Disclosure with respect to demat suspense account / unclaimed suspense account:

No equity shares of the Company were lying in demat suspense account/unclaimed suspense account as on March 31, 2020.

DECLARATION BY THE EXECUTIVE VICE-CHAIRMAN & CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, R. Sridhar, Executive Vice-Chairman & CEO of IndoStar Capital Finance Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Employees for the financial year ended March 31, 2020.

Place: Mumbai
Date: August 12, 2020

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

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records maintained by IndoStar Capital Finance Limited ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company, for the purpose of issuing a certificate under Regulation 34 (3) read with point 10(i) of paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for financial year ended March 31, 2020.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and the Directors of the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2020, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. R. Sridhar	00136697
2.	Mr. Shailesh Shirali	06525626
3.	Mr. Dhanpal Jhaveri	02018124
4.	Mr. Alok Oberoi	01779655
5.	Mr. Bobby Parikh	00019437
6.	Mr. Dinesh Kumar Mehrotra	00142711
7.	Mr. Hemant Kaul	00551588
8.	Ms. Naina Krishna Murthy	01216114

For H Choudhary & Associates
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number: F008274B000572321

Place: Mumbai
Date: August 12, 2020

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as applicable, for financial year ended March 31, 2020.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of Corporate Governance under the Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2020.

In our opinion based on the information and the explanations furnished to us by the Company, its officers, agents and authorized representative, we certify that the Company has during the financial year ended March 31, 2020 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

We further state that such certification is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For H Choudhary & Associates
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number F008274B000572310

Place: Mumbai
Date: August 12, 2020

INDOSTAR

INDEPENDENT AUDITOR'S REPORT

To the Members of IndoStar Capital Finance Limited

Report on the Audit of the Standalone Ind AS Financial Statements

OPINION

We have audited the accompanying standalone Ind AS financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to Note 30(F) to these standalone Ind AS financial statements, 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 respectively, which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial asset *(expected credit loss) (as described in note 5 & 24 of the standalone Ind AS financial statements)*	
Ind AS 109 requires the Company to provide for impairment of its loan portfolio (designated at amortised cost) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and investments.	• Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.

Key audit matters	How our audit addressed the key audit matter
In the process, a significant degree of judgement has been applied by the management for: • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Determining effect of less frequent past events on future probability of default; • Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy. In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay of around ₹ 27,844 lakhs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.	• Tested samples for staging of loans based on their past-due status to check compliance with requirements of Ind AS 109. • Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.
IT systems and controls	
We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Of particular importance are system calculations, other IT application controls and interfaces between IT systems.	• Tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Tested IT general controls which include logical access, changes management and aspects of IT operational controls. • Tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

OTHER INFORMATION

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report and Management Discussion & Analysis, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements 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 these standalone Ind AS financial statements.

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 standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Company's ability 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 financial statements 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in excess of the limits provided in section 197 read with Schedule V to the Act by ₹ 827.89 lakhs. We are informed by the management that it proposes to obtain approval of the shareholders in a general meeting by way of a special resolution;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGF4740

Place of Signature: Mumbai
Date: June 17, 2020

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

RE: INDOSTAR CAPITAL FINANCE LIMITED ('THE COMPANY')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, goods and services tax and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of debentures, commercial papers and term loans for the purposes for which they were raised though idle /surplus funds which were not required for immediate utilization were invested in liquid investments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanation given by the management, we report that the managerial remuneration for the year ended March 31, 2020 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 827.89 lakhs. We are informed by the management that it proposes to obtain approval of the shareholders in a general meeting by way of a special resolution.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

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

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGF4740

Place of Signature: Mumbai
Date: June 17, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF INDOSTAR CAPITAL FINANCE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGF4740

Place of Signature: Mumbai
Date: June 17, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	14,703.53	1,04,878.95
Bank balances other than cash and cash equivalents	4	37,669.22	3,558.59
Loans	5	7,58,253.85	10,18,310.99
Investments	6	43,183.65	50,159.10
Other financial assets	7	32,209.00	5,008.28
		8,86,019.25	**11,81,915.91**
Non-financial assets			
Current tax assets (net)	8	13,162.94	3,576.50
Deferred tax assets (net)	9	12,499.07	1,755.49
Property, plant and equipment	10	7,683.65	6,374.19
Assets held for sale	11	2,701.09	-
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	304.75	305.77
Other non-financial assets	13	4,822.37	3,818.62
		71,192.56	**45,849.26**
TOTAL ASSETS		**9,57,211.81**	**12,27,765.17**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		957.03	1,531.99
Debt securities	15	2,08,947.14	3,61,870.83
Borrowings (other than debt securities)	16	4,53,589.17	5,41,208.13
Other financial liabilities	17	21,170.63	19,198.61
		6,84,663.97	**9,23,809.56**
Non-financial liabilities			
Provisions	18	850.51	564.29
Other non-financial liabilities	19	2,831.88	401.92
		3,682.39	**966.21**
TOTAL LIABILITIES		**6,88,346.36**	**9,24,775.77**
Equity			
Share capital	20	9,245.09	9,225.74
Other equity	21	2,59,620.36	2,93,763.66
TOTAL EQUITY		**2,68,865.45**	**3,02,989.40**
TOTAL LIABILITIES AND EQUITY		**9,57,211.81**	**12,27,765.17**

Significant Accounting Policies 2

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	22		
Interest income		1,34,992.53	1,06,345.02
Fees and commission income		4,814.32	5,438.50
Net gain on fair value changes		4,620.60	4,110.21
Gain on derecognition of financial instruments measured at amortised cost category		2,616.90	1,823.00
Total revenue from operations		**1,47,044.35**	**1,17,716.73**
Expenses			
Finance costs	23	78,780.20	56,129.75
Impairment on financial instruments	24	81,546.60	1,631.01
Employee benefit expenses	25	16,504.78	12,260.29
Depreciation and amortization expenses	26	2,823.76	1,672.13
Other expenses	27	12,155.34	6,757.37
Total expenses		**1,91,810.68**	**78,450.55**
Profit before tax		**(44,766.33)**	**39,266.18**
Tax expense:	28		
1. Current tax		1.67	9,186.52
2. Deferred tax expense /(income)		(10,759.32)	4,566.54
Total tax expenses		**(10,757.65)**	**13,753.06**
Profit after tax		**(34,008.68)**	**25,513.12**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		62.39	(20.42)
- Income tax relating to items that will not be reclassified to profit or loss		(15.70)	7.14
Other comprehensive income for the year, net of tax		**46.69**	**(13.28)**
Total comprehensive income for the year		**(33,961.99)**	**25,499.84**
Earnings per equity share	29		
Basic earnings per share (₹)		(36.85)	28.21
Diluted earnings per share (₹)		(36.61)	27.62
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

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

per **Shrawan Jalan**
Partner
Membership No. 102102

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

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Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

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Date: June 17, 2020

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A	**Cash Flow from Operating Activities**		
	Net profit before tax	(44,766.33)	39,266.18
	Adjustments for :		
	Interest income on financial assets	(1,34,992.53)	(1,06,345.02)
	Finance costs	78,780.20	56,129.74
	Depreciation and amortisation expense	2,823.76	1,672.13
	Provisions for expected credit loss	35,789.18	965.84
	Provision for gratuity and leave encashment	237.10	149.83
	Employee share based payment expense	1,714.08	1,046.25
	Gain on sale/revaluation of investments	(4,620.60)	(4,110.21)
	Operating profit before working capital changes	**(65,035.14)**	**(11,225.26)**
	Adjustments:		
	(Increase)/Decrease in loans and advances	2,29,252.87	(2,18,691.66)
	(Increase)/Decrease in other financial assets	(27,221.01)	(2,070.47)
	(Increase)/Decrease in other non-financial assets	(1,003.75)	(1,328.05)
	Increase/(Decrease) in trade payable	(574.95)	634.92
	Increase/(Decrease) in other financial liabilities	(3,010.12)	(816.40)
	Increase/(Decrease) in provisions	(78.26)	(17.44)
	Increase/(Decrease) in other non-financial liabilities	2,429.94	(122.66)
		1,34,759.58	**(2,33,637.02)**
	Interest income realised on financial assets	1,35,205.76	1,01,794.53
	Finance costs paid	(83,269.32)	(49,598.12)
	Cash (used in)/generated from operating activities	**1,86,696.02**	**(1,81,440.61)**
	Taxes paid	(9,588.10)	(13,691.96)
	Net cash (used in)/generated operating activities (A)	**1,77,107.92**	**(1,95,132.57)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(3,971.38)	(1,924.12)
	Purchase of intangible assets	(160.84)	(193.76)
	Purchase of assets held for sale	(2,701.09)	-
	Payment on account of acquisition of business	(2,00,621.67)	(40,851.33)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(34,110.63)	(3,555.88)
	Investment in subsidiary companies	-	(14,000.00)
	(Acquisition)/redemption of amortised cost investments (net)	-	19,605.16
	(Acquisition)/redemption of FVTPL investments (net)	11,650.72	53,127.57
	Net cash (used in)/generated from investing activities (B)	**(2,29,914.89)**	**12,207.64**

INDOSTAR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	287.50	69,088.51
	Proceeds from bank borrowings	2,22,909.06	1,98,235.01
	Repayments towards bank borrowings	(1,10,542.81)	(95,652.95)
	Proceeds from issuance of Non-Convertible Debentures	1,818.42	2,44,380.00
	Repayments towards Non-Convertible Debentures	(1,20,500.00)	(42,523.37)
	Proceeds from/(repayments towards) Commercial Papers (net)	(29,116.54)	(96,856.55)
	Dividend and DDT paid	(2,224.08)	(1,111.97)
	Net cash (used in)/generated from financing activities (C)	**(37,368.45)**	**2,75,558.68**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(90,175.42)**	**92,633.75**
	Cash and Cash Equivalents at the beginning of the year	**1,04,878.95**	**12,245.20**
	Cash and Cash Equivalents at the end of the year	**14,703.53**	**1,04,878.95**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	127.74	258.46
	Balances with banks		
	- in current accounts	7,839.06	70,491.50
	Deposits with original maturity of less than three months	6,736.73	34,128.99
	Total	**14,703.53**	**1,04,878.95**

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

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

per **Shrawan Jalan**
Partner
Membership No. 102102

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

Place: Mumbai
Date: June 17, 2020

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2018		7,867.93
Shares issued during the period		1,357.81
Balance as at March 31, 2019	**20**	**9,225.74**
Balance as at March 31, 2019		9,225.74
Shares issued during the period		19.35
Balance as at March 31, 2020	**20**	**9,245.09**

(b) Other equity

Particulars	Reserves and surplus					Total
	Securities Premium Account	Statutory Reserves U/s 45(1C)	Capital Reserve	Share options outstanding account	Retained earnings	
Balance at April 1, 2018	**1,03,435.83**	**20,802.77**	**0.43**	**5,585.05**	**70,708.36**	**2,00,532.44**
Profit after tax for the year	-	-	-	-	25,513.12	25,513.12
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	(13.28)	(13.28)
Total	**-**	**-**	**-**	**-**	**25,499.84**	**25,499.84**
Transferred from Retained earnings	-	5,102.62	-	-	(5,102.62)	-
Dividend and Dividend Distribution Tax	-	-	-	-	(1,111.97)	(1,111.97)
Share based payment expense	-	-	-	1,112.66	-	1,112.66
Shares issued during the year	67,730.70	-	-	-	-	67,730.70
Balance at March 31, 2019	**1,71,166.53**	**25,905.39**	**0.43**	**6,697.71**	**89,993.61**	**2,93,763.67**
Balance at April 1, 2019	**1,71,166.53**	**25,905.39**	**0.43**	**6,697.71**	**89,993.61**	**2,93,763.67**
Profit after tax for the year	-	-	-	-	(34,008.68)	(34,008.68)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	46.69	46.69
Total	**-**	**-**	**-**	**-**	**(33,961.99)**	**(33,961.99)**
Dividend and Dividend Distribution Tax	-	-	-	-	(2,224.09)	(2,224.09)
Share based payment expense	-	-	-	1,774.62	-	1,774.62
Shares issued during the year	268.15	-	-	-	-	268.15
Balance at March 31, 2020	**1,71,434.68**	**25,905.39**	**0.43**	**8,472.33**	**53,807.53**	**2,59,620.36**

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

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

per **Shrawan Jalan**
Partner
Membership No. 102102

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

Dhanpal Jhaveri
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DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

Place: Mumbai
Date: June 17, 2020

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

1 CORPORATE INFORMATION

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on July 21, 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-13.02109. The Company is primarily engaged in lending business.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities of the Company as on balance sheet dates, within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current).

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

(i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is assessed at portfolio level and not at

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test
Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost
A 'loan or debt instrument' is measured at the amortized cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

(b) Bank balances
The Company measures Bank balances at amortised cost.

(c) Financial assets at fair value through profit or loss (FVTPL)
Financial assets at fair value through profit or loss are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(d) **Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) **Financial guarantees**

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of (i) the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss and (ii) the amount of loss allowance. The premium/deemed premium is recognised in the Statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) **Undrawn loan commitments**

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) **Reclassification of financial assets and liabilities**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(vi) **Derecognition of financial assets in the following circumstances**

(a) **Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) **Derecognition of financial assets other than due to substantial modification**

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipments

Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective assets. The estimated useful life used to provide depreciation are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Building	60 years	60 years
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - Mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Leasehold improvement is amortised on Straight Line Method over the lease term, subject to a maximum of 60 months.

Useful life of assets different from prescribed in Schedule II of the Act has been estimated by management and supported by technical assessment.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of sale.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, together with undrawn loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 90 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Calculation of ECL:

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

(ii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Company is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

(b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognized as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(f) Securitisation transactions

In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(g) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

h) Finance Costs

The Company recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense, when an employee renders the related service.

(ii) Defined Benefit schemes

(a) Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Leave Encashment

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount Rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Changes in accounting

On March 30, 2019, the Ministry of Corporate Affairs('MCA'), through the Companies (Indian Accounting Standards) amendment rules, 2019 and the Companies (Indian Accounting Standards) second amendment rules has notified Ind AS 116 Leases which replaces the existing standard, Ind AS 17 Leases and other interpretations. Ind AS 116 set out the principles for the recognition, measurement, presentation of disclosure of leases for both leases and lessors. It introduces a single on balance sheet lease accounting model for lessees effective from April 1, 2019 (the date of transition), The Company applied Ind AS 116 using the modified retrospective approach wherein the right of use (ROU) asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirement in Ind AS 116 have not generally been applied to comparative information.

As a lessee, the Company leases asset which includes branches and office premises. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying asset to the Company. Under IND AS 116, the company recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

- excluded initial direct cost from the measurement of the right-of-use asset at the date of initial application;

- used hindsight when determining the lease term.

The difference between the future minimum lease rental commitments toward non-cancellable operating lease reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable terms of the leases, reduction due to the discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in INR which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

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.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 3

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	127.74	258.46
Balances with banks		
- in current accounts	7,839.06	70,491.50
Deposits with original maturity of less than three months	6,736.73	34,128.99
	14,703.53	**1,04,878.95**

NOTE 4

Particulars	As at March 31, 2020	As at March 31, 2019
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	11,230.46	-
Earmarked deposits with banks	26,438.76	3,558.59
	37,669.22	**3,558.59**

NOTE 5

Particulars	As at March 31, 2020	As at March 31, 2019
Loans		
At amortised cost		
Business Loans		
Corporate lending	2,94,312.60	4,61,431.08
Small and medium enterprises lending (SME)	1,36,145.06	1,79,088.43
Commercial vehicle lending	3,32,390.68	3,70,571.38
Loan to subsidiary company	52,913.74	34,900.05
Total - Gross	**8,15,762.08**	**10,45,990.94**
Less: Impairment allowance	(57,508.23)	(27,679.95)
Total - Net	**7,58,253.85**	**10,18,310.99**
(a) Secured by tangible assets	7,44,881.16	9,78,708.08
(b) Unsecured	70,880.92	67,282.86
Total - Gross	**8,15,762.08**	**10,45,990.94**
Less: Impairment allowance	(57,508.23)	(27,679.95)
Total - Net	**7,58,253.85**	**10,18,310.99**
Loans in India		
(a) Public sector	-	-
(b) Others	8,15,762.08	10,45,990.94
Total - Gross	**8,15,762.08**	**10,45,990.94**
Less: Impairment allowance	(57,508.23)	(27,679.95)
Total - Net (a)	**7,58,253.85**	**10,18,310.99**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**7,58,253.85**	**10,18,310.99**

Notes:

1. Detailed analysis on year end stage classification of loans and impairment allowance is disclosed in Note 30.
2. Impairment allowance for previous year March 31, 2019 includes INR 20,200 lakhs on account of acquisition of commercial vehicle loan portfolio.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 6

Particulars	Amortised cost	Fair value through profit or loss	At cost	Total
Investments				
Investments as at March 31, 2020				
Mutual funds	-	23,055.69	-	23,055.69
Subsidiaries	-	-	20,127.96	20,127.96
Total - Gross	**-**	**23,055.69**	**20,127.96**	**43,183.65**
Investments in India	-	23,055.69	20,127.96	43,183.65
Investments outside India	-	-	-	-
Total - Gross	**-**	**23,055.69**	**20,127.96**	**43,183.65**
Less: Impairment loss allowance	-	-	-	-
Total - Net	**-**	**23,055.69**	**20,127.96**	**43,183.65**

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	20,126.96	100%
Total	**20,127.96**	

* includes cross charge of ₹ 126.96 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Particulars	Amortised cost	Fair value through profit or loss	At cost	Total
Investments as at March 31, 2019				
Mutual funds	-	30,085.81	-	30,085.81
Subsidiaries	-	-	20,073.29	20,073.29
Total - Gross	**-**	**30,085.81**	**20,073.29**	**50,159.10**
Investments in India	-	30,085.81	20,073.29	50,159.10
Investments outside India	-	-	-	-
Total - Gross	**-**	**30,085.81**	**20,073.29**	**50,159.10**
Less: Impairment loss allowance	-	-	-	-
Total - Net	**-**	**30,085.81**	**20,073.29**	**50,159.10**

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	20,072.29	100%
Total	**20,073.29**	

* includes cross charge of ₹ 72.29 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 7

Particulars	As at March 31, 2020	As at March 31, 2019
Other financial assets		
Security deposit	659.48	869.28
Other receivables	31,549.52	4,139.00
	32,209.00	**5,008.28**

NOTE 8

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax assets (net)		
Advance tax (net of provision)	13,162.94	3,576.50
	13,162.94	**3,576.50**

NOTE 9

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets (net)		
Deferred tax assets		
Provision for expected credit loss	9,950.13	2,296.73
Provision for gratuity	72.11	58.59
Provision for leave encashment	73.64	55.38
Fair valuation of ESOPs	621.82	863.35
Income amortisation	638.85	1,367.93
Depreciation on PPE and intangible assets	507.98	130.68
Carried forward book losses	5,570.84	-
Total (A)	**17,435.37**	**4,772.66**
Deferred tax liability		
Goodwill amortisation	(2,597.07)	(1,311.22)
Fair valuation of security deposits	(0.21)	(0.30)
Assignment income amortisation	(881.30)	(637.03)
Borrowing cost amortisation	(1,251.63)	(1,068.62)
Lease liabilities	(206.09)	-
Total (B)	**(4,936.30)**	**(3,017.17)**
Net deferred tax asset (A-B)	**12,499.07**	**1,755.49**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 10

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment								
Deemed Cost as at April 1, 2018	**15.05**	**1,050.30**	**732.64**	**2,153.22**	**456.04**	**933.03**	**-**	**5,340.28**
Additions	-	-	15.45	1,966.04	113.27	737.82	-	2,832.58
Disposals	-	-	-	-	-	-	-	-
Cost as at March 31, 2019	**15.05**	**1,050.30**	**748.09**	**4,119.26**	**569.31**	**1,670.85**	**-**	**8,172.86**
Additions	-	-	11.21	386.39	57.19	322.33	3,199.65	3,976.77
Disposals	-	-	(5.48)	-	(20.81)	(0.56)	-	(26.85)
Adjustment	-	-	0.00	(31.53)	(0.03)	-	-	(31.56)
Cost as at March 31, 2020 (A)	**15.05**	**1,050.30**	**753.82**	**4,474.12**	**605.66**	**1,992.62**	**3,199.65**	**12,091.22**
Accumulated depreciation as at April 1, 2018	**-**	**3.17**	**5.54**	**153.54**	**24.07**	**130.12**	**-**	**316.44**
Depreciation charged during the year	-	17.54	8.41	950.65	56.01	449.62	-	1,482.23
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**-**	**20.71**	**13.95**	**1,104.19**	**80.08**	**579.74**	**-**	**1,798.67**
Depreciation charged during the year	-	17.54	157.12	830.62	119.96	548.53	988.14	2,661.91
Disposals	-	-	(3.62)	-	(17.27)	(0.56)	-	(21.45)
Adjustment	-	-	0.00	(30.50)	(0.42)	(0.64)	-	(31.56)
Accumulated depreciation as at March 31, 2020 (B)	**-**	**38.25**	**167.45**	**1,904.31**	**182.35**	**1,127.07**	**988.14**	**4,407.57**
Net carrying amount as at March 31, 2020 (A) - (B)	**15.05**	**1,012.05**	**586.37**	**2,569.81**	**423.31**	**865.55**	**2,211.51**	**7,683.65**
Net carrying amount as at March 31, 2019	**15.05**	**1,029.59**	**734.14**	**3,015.07**	**489.23**	**1,091.11**	**-**	**6,374.19**

* Mortgaged as security against Secured Non-convertible Debentures

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 11

Particulars	As at March 31, 2020	As at March 31, 2019
Assets held for sale	3,001.21	-
Provision on Assets held for sale	(300.12)	-
	2,701.09	**-**

NOTE 12

Particulars	Total
Goodwill	
Cost as at April 1, 2018	
Acquisition of business (note 39)	30,018.69
Cost as at March 31, 2019	**30,018.69**
Acquisition of business	-
Cost as at March 31, 2020 (A)	**30,018.69**
Accumulated impairment as at April 1, 2018	
Addition	-
Accumulated impairment as at March 31, 2019	**-**
Addition	-
Accumulated impairment as at March 31, 2020 (B)	**-**
Net carrying amount as at March 31, 2020 (A)- (B)	**30,018.69**
Net carrying amount as at March 31, 2019	**30,018.69**

The Company has assessed that there is no impairment of Goodwill for the year ended March 2020. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets covering a five-year period and a discount rate of 10.5 per cent. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield and spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

Particulars	Computer Software	Total
Intangible assets		
Deemed Cost as at April 1, 2018	**407.42**	**407.42**
Additions	212.53	212.53
Disposals	(21.80)	(21.80)
Cost as at March 31, 2019	**598.15**	**598.15**
Additions	160.84	160.84
Disposals	-	-
Adjustment	-	-
Cost as at March 31, 2020 (A)	**758.99**	**758.99**
Accumulated amortisation as at April 1, 2018	**105.51**	**105.51**
Amortisation recognised for the year	189.90	189.90
Disposals	(3.03)	(3.03)
Accumulated amortisation as at March 31, 2019	**292.38**	**292.38**
Amortisation recognised for the year	161.86	161.86
Disposals	-	-
Adjustment	-	-
Accumulated amortisation as at March 31, 2020 (B)	**454.24**	**454.24**
Net carrying amount as at March 31, 2020 (A)- (B)	**304.75**	**304.75**
Net carrying amount as at March 31, 2019	**305.77**	**305.77**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 13

Particulars	As at March 31, 2020	As at March 31, 2019
Other non-financial assets		
Prepaid expenses	878.75	920.10
Advances recoverable in cash or in kind or for value to be received	3,943.62	2,898.52
	4,822.37	**3,818.62**

NOTE 14

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Dues to Micro, small and medium enterprises	-	-
Dues to Others	957.03	1,531.99
	957.03	**1,531.99**

NOTE 15

Particulars	As at March 31, 2020	As at March 31, 2019
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	2,08,947.14	3,32,754.29
Commercial paper (net of unamortised discount) repayable within next twelve months	-	29,116.54
	2,08,947.14	**3,61,870.83**
Debt securities in India	2,08,947.14	3,61,870.83
Debt securities outside India	-	-
Total	**2,08,947.14**	**3,61,870.83**
Secured	2,08,947.14	3,32,754.29
Unsecured	-	29,116.54
Total	**2,08,947.14**	**3,61,870.83**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment

Redeemable within	As at March 31, 2020	As at March 31, 2019
	Rate of interest	Rate of interest
	> 8.95% < 11.40%	> 0% < 12.50%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	2,483.06	26,500.00
36-48 Months	13,905.15	35,000.00
24-36 Months	37,245.93	99,080.00
12-24 Months	98,407.87	46,000.00
0-12 Months	56,905.13	1,26,174.29
Total	**2,08,947.14**	**3,32,754.29**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:
   (i) first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of ₹ 2,09,368 lakhs (March 2019: ₹ 3,29,215 lakhs); and
   (ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat.
2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

NOTE 16

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (other than debt securities)		
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)*	3,21,115.13	3,10,065.28
Loans repayable on demand		
Working capital demand loans from banks **	15,500.00	15,000.00
Bank overdrafts **	7,033.91	12,579.78
Other borrowings (including Inter Corporate Deposits)	1,09,940.13	2,03,563.07
Total	**4,53,589.17**	**5,41,208.13**
Borrowings in India	4,53,589.17	5,41,208.13
Borrowings outside India	-	-
Total	**4,53,589.17**	**5,41,208.13**
Secured borrowings	4,48,388.07	3,37,645.07
Unsecured borrowings	5,201.10	2,03,563.06
Total	**4,53,589.17**	**5,41,208.13**

(a) Term loan from banks (TL):
Terms of repayment:

Redeemable within	As at March 31, 2020	As at March 31, 2019
	Rate of interest	Rate of interest
	> 8.40% < 12.20%	> 8.65% < 11.20%
	Amount	Amount
Above 60 Months	-	500.00
48-60 Months	1,601.86	21,526.50
36-48 Months	36,955.86	38,520.74
24-36 Months	56,645.50	71,951.92
12-24 Months	87,785.12	90,239.01
0-12 Months	1,38,126.79	87,327.11
Total	**3,21,115.13**	**3,10,065.28**

* first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset.

** secured by First pari-passu charge by way of hypothecation on the standard asset portfolio.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 17

Particulars	As at March 31, 2020	As at March 31, 2019
Other financial liabilities		
Book overdraft	38.04	8,990.92
Employee benefits payable	801.76	2,699.79
Others	20,330.83	7,507.90
	21,170.63	**19,198.61**

NOTE 18

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions		
Provision for employee benefits:		
- Gratuity	390.83	393.48
- Leave encashment	247.90	148.81
Others :		
- Expected credit loss on undrawn loan commitments	211.78	22.00
	850.51	**564.29**

NOTE 19

Particulars	As at March 31, 2020	As at March 31, 2019
Non-financial liabilities		
Statutory dues payable	460.98	401.92
Unamortised lease liabilities	2,370.90	-
	2,831.88	**401.92**

NOTE 20
Share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	15,25,00,000	15,250.00	11,00,00,000	11,000.00
Compulsorily Convertible Preference Share of Face Value of ₹ 10/- each	1,25,00,000	1,250.00	-	-
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	9,24,50,915	9,245.09	9,22,57,415	9,225.74
Total	**9,24,50,915**	**9,245.09**	**9,22,57,415**	**9,225.74**

b. Reconciliation of number of shares at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	9,22,57,415	9,225.74	7,86,79,259	7,867.93
Add: Shares issued during the year	1,93,500	19.35	1,35,78,156	1,357.81
Shares outstanding at the end of the year	**9,24,50,915**	**9,245.09**	**9,22,57,415**	**9,225.74**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at March 31, 2020		As at March 31, 2019	
		No of equity shares held	%	No of equity shares held	%
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	56.89	5,25,94,228	57.01

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

d. Particulars of shareholders holding more than 5% of the share capital

Name of shareholder	Relationship	As at March 31, 2020		As at March 31, 2019	
		No of equity shares held	%	No of equity shares held	%
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	56.89	5,25,94,228	57.01
SBI Small Cap Fund		81,13,036	8.78	72,21,936	7.83

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

e. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholders to the total equity share capital.

NOTE 21

Particulars	As at March 31, 2020	As at March 31, 2019
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Securities premium	1,71,434.68	1,71,166.53
Share options outstanding account	8,472.33	6,697.71
Retained earnings	53,807.53	89,993.60
	2,59,620.36	**2,93,763.66**

21.1 Other equity movement

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	20,802.77
Add : Transferred from surplus	-	5,102.62
Closing Balance	**25,905.39**	**25,905.39**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium		
Opening Balance	1,71,166.53	1,03,435.83
Add : Premium collected on share allotment	268.15	67,730.70
Closing Balance	**1,71,434.68**	**1,71,166.53**
Share options outstanding account		
Opening Balance	6,697.71	5,585.05
Movement during the year	1,774.62	1,112.66
Closing Balance	**8,472.33**	**6,697.71**
Retained earnings		
Opening Balance	89,993.60	70,708.36
Add: Remeasurement of defined benefit obligations	46.69	(13.28)
Add: Transferred from the statement of profit and loss	(34,008.68)	25,513.11
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	-	(5,102.62)
Less: Appropriation towards dividend and dividend distribution tax	(2,224.08)	(1,111.97)
Closing Balance	**53,807.53**	**89,993.60**

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

21.3 Dividend paid and proposed

Particulars	Rate of Dividend (%)	Dividend per share (₹)	Amount (excl. Dividend distribution tax) (₹)	Amount (incl. Dividend distribution tax) (₹)
Declared and paid during the year				
Interim dividend for the financial year FY 2019-20	10%	1.00	922.67	1,112.33

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 22

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,33,713.39	1,03,596.31
Interest on investments	-	-
- Investments in PTCs	-	825.25
- Debt instruments	-	1,568.46
Interest on deposits	-	-
- Deposits with banks	1,279.14	355.00
	1,34,992.53	**1,06,345.02**
Fees and commission income		
- Syndication, advisory & other fees	4,814.32	5,438.50
	4,814.32	**5,438.50**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	4,620.60	4,110.21
Total fair value changes	**4,620.60**	**4,110.21**
Fair value changes:		
- Realised	4,613.84	4,024.40
- Unrealised	6.76	85.81
Total fair value changes	**4,620.60**	**4,110.21**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	2,616.90	1,823.00
	2,616.90	**1,823.00**
Total	**1,47,044.35**	**1,17,716.73**

NOTE 23

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	38,302.21	24,085.28
Interest on REPO instruments	-	37.96
Other borrowings (including Inter Corporate Deposits)	11,838.40	671.62
Interest expense on debt securities		
Debentures	26,481.43	24,422.93
Commercial paper	1,383.46	6,372.60
Other interest expense		
Bank charges & other related costs	774.70	539.36
	78,780.20	**56,129.75**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 24

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	30,591.04	1,251.72
Financial assets written off (net of recovery)	49,738.98	665.17
Impairment on investments		
Pass through certificates	-	(94.10)
Impairment on others		
Undrawn loan commitments	189.78	(206.03)
Others	1,026.80	14.25
	81,546.60	**1,631.01**

NOTE 25

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee Benefit Expenses		
Salaries, other allowances and bonus	13,829.10	10,688.14
Gratuity expenses	120.49	63.29
Leave encashment	116.60	86.54
Contribution to provident and other funds	673.10	329.24
Staff welfare expenses	134.28	95.31
Share based payment expense	1,714.08	1,046.25
Employee shared service costs recovered	(82.87)	(48.48)
	16,504.78	**12,260.29**

NOTE 26

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,661.90	1,482.23
Amortisation of intangible assets	161.86	189.90
	2,823.76	**1,672.13**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 27

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other Expenses		
Rent	827.56	1,703.10
Rates & taxes	94.89	58.89
Printing and stationery	64.56	128.89
Travelling & conveyance	972.51	552.42
Advertisement	212.32	200.56
Business Promotion	173.24	26.12
Commission & brokerage	33.64	12.67
Office expenses	2,716.52	2,266.73
Directors' fees & commission	75.16	75.86
Insurance	512.99	178.00
Communication expenses	477.43	455.77
Payment to auditors (note below)	62.51	62.51
CSR expenses (note below)	392.41	200.11
Legal & professional charges	1,388.86	1,081.29
Loss on sale of fixed assets (net)	18.63	18.77
Membership & subscriptions	93.05	10.21
Other shared service costs recovered	(312.38)	(274.53)
Other fees and commission	69.76	-
Impairment allowance on assets held for sale	300.12	-
Provision for corporate guarantee	3,981.56	-
	12,155.34	**6,757.37**
Payment to auditor includes:		
a) Statutory Audit	44.69	44.69
b) Tax Audit	3.27	3.27
c) Certifications	9.32	7.36
d) Other Services	5.23	7.19
Total	**62.51**	**62.51**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	715.99	649.08
b) Amount spent during the year:	-	-
- Expenses paid in cash	392.41	200.11
- Expenses yet to be paid for	-	-
Total	**392.41**	**200.11**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	392.41	200.11
Total	**392.41**	**200.11**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 28
Income taxes
Tax expense
(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense		
Current year	1.67	9,186.52
	1.67	**9,186.52**
Deferred tax expense		
Origination and reversal of temporary differences	(10,759.32)	4,566.54
	(10,759.32)	**4,566.54**
Tax expense for the year	**(10,757.65)**	**13,753.06**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liability (asset)	62.39	(15.70)	46.69	(20.42)	7.14	(13.28)
	62.39	**(15.70)**	**46.69**	**(20.42)**	**7.14**	**(13.28)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**(44,766.33)**	**39,266.18**
Statutory income tax rate	25.17%	34.94%
Expected income tax expense	(11,266.79)	13,721.17
Difference in tax rate due to:		
- Effect of non-deductible expenses	51.07	37.38
- Effect of change in tax rate	491.12	-
- Effect of non-taxable income	-	-
- Others	(33.04)	(5.49)
Total tax expense	**(10,757.64)**	**13,753.06**
Effective tax rate	**24.03%**	**35.03%**
Current tax	1.67	9,186.52
Deferred tax	(10,759.32)	4,566.54
	(10,757.65)	**13,753.06**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at March 31, 2020			
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred tax assets				
Provision for expected credit loss	2,296.73	7,653.41	-	9,950.13
Provision for gratuity	58.59	29.22	(15.70)	72.11
Provision for leave encashment	55.38	18.26	-	73.64
Fair valuation of ESOPs	863.35	(241.53)	-	621.82
Income amortisation	1,367.93	(729.08)	-	638.85
Depreciation on PPE and intangible assets	130.68	377.30	-	507.98
Carried forward book losses	-	5,570.84	-	5,570.84
Deferred tax liability				
Fair valuation of security deposits	(0.30)	0.12	-	(0.21)
Goodwill amortisation	(1,311.22)	(1,285.85)	-	(2,597.07)
Assignment income amortisation	(637.03)	(244.27)	-	(881.30)
Lease liabilities	-	(206.09)	-	(206.09)
Borrowing cost amortisation	(1,068.62)	(183.01)	-	(1,251.63)
Deferred tax assets / (Liabilities)	**1,755.49**	**10,759.32**	**(15.70)**	**12,499.07**

(e) Movement in deferred tax balances

Particulars	As at March 31, 2019			
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred tax assets				
Provision for expected credit loss	2,297.16	(0.43)	-	2,296.73
Provision for gratuity	30.33	21.13	7.14	58.59
Provision for leave encashment	25.14	30.24	-	55.38
Interest on the NPA Loans not accrued in books	252.93	(252.93)	-	-
Diminution in value of investments	69.56	(69.56)	-	-
Fair valuation of ESOPs	863.35	-	-	863.35
Income amortisation	2,970.62	(1,602.69)	-	1,367.93
Depreciation on PPE and intangible assets	(15.70)	146.38	-	130.68
Deferred tax liability				
Fair valuation of security deposits	2.38	(2.67)	-	(0.30)
Goodwill amortisation	-	(1,311.22)	-	(1,311.22)
Assignment income amortisation	-	(637.04)	-	(637.03)
Borrowing cost amortisation	(180.88)	(887.75)	-	(1,068.62)
Deferred tax assets / (Liabilities)	**6,314.89**	**(4,566.54)**	**7.14**	**1,755.49**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

NOTE 29

Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i.	Profit attributable to equity holders (A)		
	Profit attributable to equity holders for basic and diluted EPS	(34,009)	25,513
ii.	Weighted average number of equity shares for calculating Basic EPS (B)	9,22,81,963	9,04,30,065
iii.	Weighted average number of equity shares for calculating Diluted EPS (C)	9,28,88,278	9,23,77,939
iv.	Basic earnings per share (₹)	(36.85)	28.21
v.	Diluted earnings per share (₹)	(36.61)	27.62

NOTE 30

Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework

Company's risk management framework is based on:

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks, and

(d) Adequate review mechanism to monitor and control risks.

Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well established risk reporting and monitoring framework. The company identifies and monitors risks periodically. This process enables the company to reassess all critical risks in a changing environment that need to be focused on."

C. Risk governance structure

Company's risk governance structure operates with a robust Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation

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of risk management framework, monitoring of critical risks, and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	23,055.69	-	-	23,055.69	23,055.69	-	-	23,055.69
Total	**23,055.69**	**-**	**-**	**23,055.69**	**23,055.69**	**-**	**-**	**23,055.69**

Particulars	As at March 31, 2019							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	30,085.81	-	-	30,085.81	30,085.81	-	-	30,085.81
Total	**30,085.81**	**-**	**-**	**30,085.81**	**30,085.81**	**-**	**-**	**30,085.81**

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

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TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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E. Credit risk

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Write off policy

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss.

Overview of the Expected Credit Loss principles

The Expected Credit Loss ('ECL') allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or 'LTECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ('12mECL'). The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Loans that are standard with days past due (DPD) not exceeding 30 days as on reporting period are categorized under Stage 1

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Loans that are standard with days past due (DPD) in the range of 31-90 days as on reporting period are categorized under Stage 2.

Stage 3: Loans considered credit impaired and crossed 90 DPD as on reporting period. The company records an allowance for the LTECL.

The calculation of ECL

The Company calculates ECL to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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The key elements of the ECL are summarised below:

Portfolio Segmentation: For ECL purpose, the loan portfolio is broadly segmented as below:

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending

PD: The probability of default ('PD') is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD for each portfolio segment is computed based on historical default rates.

EAD: The Exposure at Default ('EAD') is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD: The Loss Given Default ('LGD') is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. LGD is computed based on historical recovery rate and time taken for recovery.

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	6,45,997.46	1,33,882.62	35,882.00	8,15,762.08
Investments	-	-	-	-
Total	**6,45,997.46**	**1,33,882.62**	**35,882.00**	**8,15,762.08**

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	9,30,150.04	88,134.78	27,706.12	10,45,990.94
Investments	-	-	-	-
Total	**9,30,150.04**	**88,134.78**	**27,706.12**	**10,45,990.94**

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances and investment debt securities is as follows:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**9,30,150.04**	**88,134.78**	**27,706.12**	**10,45,990.94**	**5,98,656.39**	**4,466.24**	**9,432.14**	**6,12,554.77**
New assets originated or purchased	1,10,940.80	10,637.55	1,380.17	1,22,958.52	7,79,445.98	59,444.50	21,665.91	8,60,556.39
Assets derecognised or repaid (excluding write offs)	(2,85,195.47)	(13,704.12)	(4,548.81)	(3,03,448.40)	(4,17,717.50)	(1,378.08)	(7,359.47)	(4,26,455.05)
Transfers to stage 1	7,856.02	(5,944.93)	(1,911.09)	-	389.71	(389.71)	-	-
Transfers to stage 2	(77,719.41)	77,719.41	-	-	(27,420.24)	27,559.60	(139.36)	-
Transfers to stage 3	(8,620.12)	(19,857.03)	28,477.15	-	(3,095.92)	(1,417.13)	4,513.05	-
Amounts written off (net of recovery)	(31,414.40)	(3,103.04)	(15,221.54)	(49,738.98)	(108.38)	(150.64)	(406.15)	(665.17)
Gross carrying amount closing balance	**6,45,997.46**	**1,33,882.62**	**35,882.00**	**8,15,762.08**	**9,30,150.04**	**88,134.78**	**27,706.12**	**10,45,990.94**

Reconciliation of ECL balance is given below:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**10,069.25**	**6,325.69**	**11,285.01**	**27,679.95**	**4,366.99**	**206.58**	**3,463.85**	**8,037.42**
New assets originated or purchased	954.78	265.23	372.78	1,592.79	22,309.46	5,740.02	9,565.80	37,615.28
Assets derecognised or repaid (excluding write offs)	(1,176.43)	(965.51)	(1,477.16)	(3,619.10)	(17,293.10)	(47.02)	(2,239.54)	(19,579.66)
Changes to models and inputs used	789.82	(2,163.48)	(3,064.64)	(4,438.30)	767.65	(16.13)	(646.70)	104.82
Transfers to stage 1	1,160.58	(420.69)	(739.89)	-	16.62	(16.62)	-	-
Transfers to stage 2	(1,309.06)	1,694.39	(385.33)	-	(67.70)	106.54	(38.84)	-
Transfers to stage 3	(76.68)	(97.21)	173.89	-	(14.74)	(60.43)	75.17	-
Impact on year end ECL of exposures transferred between stages during the year*	1,679.89	5,766.33	6,874.39	14,320.61	(15.13)	419.17	1,218.46	1,622.50
Amounts written off (net of recovery)	(61.40)	(226.29)	(5,584.44)	(5,872.13)	(0.80)	(6.42)	(113.19)	(120.41)
Management overlay allowance	-	-	-	27,844.41	-	-	-	
ECL allowance - closing balance	**12,030.75**	**10,178.46**	**7,454.61**	**57,508.23**	**10,069.25**	**6,325.69**	**11,285.01**	**27,679.95**

*stage 1 includes management overlay allowance of ₹ 27,844.41 lakhs

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F. Impact of COVID-19 on Company's business and financial metrics (including expected credit loss and assumptions relating to goodwill impairment)

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Government of India announced a strict nation-wide lockdown to contain the spread of the virus till May 3, 2020, which was further extended till June 8, 2020. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

The COVID-19 pandemic has led to a significant impact on Company's regular operations including lending and collection activities.

Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and 31 August 2020, the Company has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy.

In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has recorded a management overlay allowance of ₹ 27,844.41 lakhs as part of its Expected Credit Loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic based on the information available at this point in time. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various variables and assumptions, which could be different than that being estimated.

However, the full extent of impact of the pandemic on the Company's operations and financial metrics (including impact on impairment allowances for loan portfolio and the assumptions used in testing the impairment of the carrying value of goodwill) will depend on future developments including governmental and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.

Further, the Company has assessed the impact of the Novel Coronavirus pandemic on its liquidity and ability to repay its obligations as and when they are due. With the gradual relaxation of lockdown rules, as well as resumption of commercial activities by borrowers in a majority of geographies in which the Company operates, management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, the Company has opened some of its branch offices in state of readiness with optimal workforce to deal with normal business operations, while continuing to comply with regulatory guidelines on businesses, social distancing, etc. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC, current status/outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks, agencies and its parent entity, preferential allotment of shares in determining the Company's liquidity position over the next 12 months. The Company has received a capital infusion of ₹ 1,22,500 lakhs on May 27, 2020 which substantially increases its liquidity position. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

G. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based

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on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilites as on balance sheet date have been provided below:

As on March 31, 2020

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	957.03	-	-	-	957.03
Debt securities	14,323.85	83,723.02	2,31,025.20	32,417.90	3,61,489.97
Borrowings (other than debt securities)	59,736.24	1,26,383.89	2,06,876.66	-	3,92,996.79
Other financial liabilities	21,170.66	-	-	-	21,170.66
Total	**96,187.78**	**2,10,106.91**	**4,37,901.86**	**32,417.90**	**7,76,614.45**

As on March 31, 2019

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,531.99	-	-	-	1,531.99
Debt securities	48,577.85	1,26,041.48	2,46,814.48	-	4,21,433.81
Borrowings (other than debt securities)	1,02,955.34	2,56,016.19	2,58,720.44	508.57	6,18,200.53
Other financial liabilities	19,198.62	-	-	-	19,198.62
Total	**1,72,263.80**	**3,82,057.67**	**5,05,534.92**	**508.57**	**10,60,364.95**

H. Market risk
Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

I. Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory

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implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

J. **Capital Disclosure**

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of regulator, Reserve Bank of India ('RBI'). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Particulars	As at March 31, 2020	As at March 31, 2019
CRAR – Tier I capital (%)	20.4%	21.7%
CRAR – Tier II capital (%)	4.9%	2.3%
CRAR (%)	**25.3%**	**24.0%**

NOTE 31
Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) **Relationships**

I. **Holding Company**

Indostar Capital (Mauritius)

II. **Subsidiary Company**

IndoStar Asset Advisory Private Limited

IndoStar Home Finance Private Limited

Names of other related parties with whom the Company had transactions during the year:
Key Managerial Personnel

R. Sridhar - Executive Vice-Chairman & CEO

Shailesh Shirali - Wholetime Director (from June 26, 2019)

Bobby Parikh - Non-Executive Independent Director

Dinesh Kumar Mehrotra - Non-Executive Independent Director

Hemant Kaul - Non-Executive Independent Director

Naina Krishna Murthy - Non-Executive Independent Director

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b) Transactions with key management personnel:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1) Short-term employee benefits	1,188.16	550.00
2) Commission and sitting fees to Non-Executive Independent Directors	31.56	75.86
3) Reimbursement of expenses	1.44	0.10
4) Dividend paid	6.74	3.17

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits, bonus provision and contributions to post-employment defined benefit plan.

The managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its executive directors in excess of the limits provided in section 197 read with Schedule V to the Act by ₹ 827.89 lakhs. The Company proposes to obtain approval of the shareholders in a general meeting by way of special resolution.

c) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies
1) Recovery of expenses	2020	553.13
	2019	460.79
2) Investment in subsidiary	2020	-
	2019	14,000.00
3) Loan given to subsidiary (net)	2020	17,500.00
	2019	33,500.00
4) Interest income on loan to subsidiary	2020	4,009.12
	2019	1,978.90

d) The related party balances outstanding at year end are as follows:

Particulars		Holding Company	Subsidiary Companies
1) Investment in share capital (including securities premium)	2020	68,372.50	-
	2019	68,372.50	-
2) Investment in subsidiary	2020	-	20,127.96
	2019	-	20,073.29
3) Reimbursement of expenses	2020	-	491.42
	2019	-	408.52
4) Loans outstanding (including interest accrued)	2020	-	52,913.74
	2019	-	34,900.05

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NOTE 32
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Type of Services or service		
Syndication, advisory & other fees	4,814.32	5,438.50
Total revenue from contracts with customers	**4,814.32**	**5,438.50**
Geographical markets		
India	4,814.32	5,438.50
Outside India	-	-
Total revenue from contracts with customers	**4,814.32**	**5,438.50**
Timing of revenue recognition		
Services transferred at a point in time	4,814.32	5,438.50
Services transferred over time	-	-
Total revenue from contracts with customers	**4,814.32**	**5,438.50**

NOTE 33
Contingent liabilities and Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities:		
Corporate guarantee given by Company to banks	4,625.00	5,972.06
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	26.51	-
Loans sanctioned not yet disbursed	87,448.98	1,08,233.79

NOTE 34
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at March 31, 2020
Transition Adjustment	2,940.21
Add : Adjustment during the year	259.44
Add : Interest on lease liability	269.12
Less : Lease rental payments	(1,097.87)
	2,370.90

(B) Future lease cashflow for all leased assets

Particulars	As at March 31, 2020
Not later than one year	1,376.38
Later than one year but not later than five years	3,080.07
Later than five years	-

(C) Maturity analysis of lease liability

Particulars	As at March 31, 2020
Lease liability	
Less than 12 months	843.04
More than 12 months	1,527.86
	2,370.90

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NOTE 35
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006
The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Principal and interest amount remaining unpaid	-	-
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

NOTE 36
Gratuity and other post-employment benefit plans:
The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

		As at March 31, 2020	As at March 31, 2019
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	394.42	396.82
	Fair value of plan assets as at the end of the year	3.59	3.34
	Net (asset) / liability to be recognized in the balance sheet	**390.83**	**393.48**
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	396.82	93.94
	Current service cost	110.66	58.68
	Past service cost	-	-
	Interest cost	12.59	6.79
	Benefits paid	(60.75)	(7.08)
	Addition on account of business combination	-	226.00
	Actuarial (gain) / loss on obligation	(64.90)	18.49
	Projected benefit obligation at the end of the year	**394.42**	**396.82**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

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		As at March 31, 2020	As at March 31, 2019
C.	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	3.34	3.09
	Return on plan assets	2.75	2.18
	Actuarial gain/(loss)	(2.50)	(1.93)
	Benefits paid	-	-
	Fair value of plan assets at the end of the year	**3.59**	**3.34**
D.	**Amount recognised in the statement of profit and loss**		
	Current service cost	110.66	58.68
	Past service cost and loss/(gain) on curtailments and settlement	-	-
	Net interest cost	9.84	4.61
	Expenses recognised in the statement of profit and loss	**120.50**	**63.29**
E.	**Amount recognised in other comprehensive income**		
	Actuarial (gains) / loss		
	- change in financial assumption	23.54	19.15
	- experience variation	(88.44)	(0.66)
	Return on plan assets, excluding amount recognised in net interest expense	2.50	1.93
		(62.40)	**20.42**
F.	**Assumptions used**		
	Discount rate	6.85%	7.60%
	Salary growth rate	6.00%	6.00%
	Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	378.30	411.74	164.46	177.63
Salary growth rate (0.5% movement)	408.05	381.11	175.34	166.42
Withdrawal rate (10% movement)	393.76	394.84	171.35	170.08

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 13,368 lakhs
3. The average outstanding term of the obligations as at valuation date is 8.96 years.

NOTES
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NOTE 37
Employee stock option plans
The Company provides share-based employee benefits to the employees of the Company , Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the Company, or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid employees who are on deputation at the request of the Company and during the year ended March 31, 2020, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements
As at March 31, 2020, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	July 30, 2012	May 09, 2016	October 17, 2016	April 28, 2017	December 15, 2017
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee ('NRC') at the time of grant of options.				
The Pricing Formula	Options can be exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of options: (i) Fair Market Value rounded to the nearest rupee; or (ii) Market Price rounded to the nearest rupee; or (iii) such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the shares.				
Maximum term of Options granted (years)	Options granted under the ESOP plans would vest not less than 1 (one) year and not more than 5 (five) years from the date of grant of options. Options shall be capable of being exercised within a period of 4 years from the date of vesting.				
Method of Settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	NA				
Method used for accounting of options	Fair Value Method				

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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II. Option Movement during the year ended March 31, 2020

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Options granted during the year	-	-	-	-	1,05,000
Options forfeited / lapsed during the year	-	10,000	10,000	84,500	83,000
Options exercised during the year	193,500	-	-	-	-
Number of options outstanding at the end of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Number of options exercisable at the end of the year	67,950	22,43,677	13,63,800	31,600	34,500
The weighted average market price of shares exercised during the year ended March 31, 2020	286.32	-	-	-	-

II. Option Movement during the year ended March 31, 2019

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	14,95,294	26,99,777	29,93,000	19,91,000	15,31,500
Options granted during the year	-	-	-	-	25,000
Options forfeited / lapsed during the year	1,25,200	1,45,000	2,35,500	1,62,000	1,20,500
Options exercised during the year	11,01,894	41,500	1,97,000	-	-
Number of options outstanding at the end of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Number of options exercisable at the end of the year	1,36,300	22,12,277	5,95,100	-	-
The weighted average market price of shares exercised during the year ended March 31, 2019	505.33	461.97	472.50	-	-

III. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on March 31, 2020	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Contractual Life (in years)	2.67	1.60	3.87	6.07	6.44

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	7.4%-8.0%	7.4%	7.4%	7.4%	7.4%
Weighted average expected life (in years)	1.81	2.45	4.09	6.00	6.39
Expected volatility	41.0% - 58.1%	41.0% - 44.0%	41.0% - 44.0%	41.0% - 43.0%	34.9% - 41.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0% - 0.5%
Weighted average exercise price (₹ per share)	199.07	240.22	267.24	349.80	430.05

V. Effect of share-based payment transactions on the Company's Profit or Loss for the period:

Particulars	March 31, 2020	March 31, 2019
Employee share based expense (₹)	1,714.08	1,046.25
Total ESOP reserve outstanding at the end of the period (₹)	8,472.33	6,697.71

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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NOTE 38
Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on March 31, 2020			As on March 31, 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	14,703.53	-	**14,703.53**	1,04,878.95	-	**1,04,878.95**
Bank balances other than cash and cash equivalents	4	11,230.46	26,438.76	**37,669.22**	3,558.59	-	**3,558.59**
Loans	5	2,08,554.31	5,49,699.54	**7,58,253.85**	2,57,179.65	7,61,131.34	**10,18,310.99**
Investments	6	23,055.69	20,127.96	**43,183.65**	30,085.81	20,073.29	**50,159.10**
Other financial assets	7	31,549.52	659.48	**32,209.00**	683.16	4,325.12	**5,008.28**
Non-financial assets							
Current tax assets (net)	8	-	13,162.94	**13,162.94**	-	3,576.50	**3,576.50**
Deferred tax assets (net)	9	-	12,499.07	**12,499.07**	-	1,755.49	**1,755.49**
Property, plant and equipment	10	-	7,683.65	**7,683.65**	-	6,374.19	**6,374.19**
Assets held for sale	11	2,701.09	-	**2,701.09**	-	-	**-**
Goodwill	12	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	12	-	304.75	**304.75**	-	305.77	**305.77**
Other non-financial assets	13	4,822.37	-	**4,822.37**	3,441.75	376.87	**3,818.62**
TOTAL ASSETS		**2,96,616.97**	**6,60,594.84**	**9,57,211.81**	**3,99,827.91**	**8,27,937.26**	**12,27,765.17**

Particulars	Note	As on March 31, 2020			As on March 31, 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	14	957.03	-	**957.03**	1,531.99	-	**1,531.99**
Debt securities	15	56,871.66	1,52,075.48	**2,08,947.14**	1,56,432.22	2,05,438.61	**3,61,870.83**
Borrowings (other than debt securities)	16	1,85,449.95	2,68,139.22	**4,53,589.17**	3,17,018.62	2,24,189.51	**5,41,208.13**
Other financial liabilities	17	21,170.63	-	**21,170.63**	16,914.48	2,284.13	**19,198.61**
Non-financial liabilities							
Provisions	18	165.23	685.28	**850.51**	97.48	466.81	**564.29**
Other non-financial liabilities	19	1,304.02	1,527.86	**2,831.88**	401.92	-	**401.92**
TOTAL LIABILITIES		**2,65,918.52**	**4,22,427.84**	**6,88,346.36**	**4,92,396.71**	**4,32,379.06**	**9,24,775.77**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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NOTE 39
Business Combination
A. Brief of the Transaction:

The Company during the previous year had entered into an agreement with India Infoline Finance Limited (IIFL), an Non-Banking Financial Company for acquisition of specified assets and liabilities of commercial vehicle segment for a total purchase consideration of ₹ 2,41,473 lakhs which was completed on March 31, 2019.

This acquisition enables the Company to almost double (go-to-market) infrastructure and provide a strong base for growth of the vehicle finance business.

B. Details of Assets acquired and liabilities assumed

Sr No	Particulars		Amount
Assets			
(i)	Loans (incl. Interest accrued) (net of ECL)		2,09,283.57
(ii)	Other assets		2,522.74
		(A)	**2,11,806.31**
Liabilities			
(i)	Other liabilities		352.00
		(B)	**352.00**
Net assets acquired (A)-(B)			**2,11,454.31**

C. Computation of Goodwill

Particulars	Amount
Transfer Consideration	
- Cash consideration	2,41,473.00
Net assets acquired (A)-(B)	2,11,454.31
Goodwill (Excess of net assets)	**30,018.69**

Entire recognised goodwill is tax-deductible under the current tax regulations.

D. Details for receivables acquired under the transaction

The details of receivables acquired under the transaction are as follows:

Particulars	Fair value	Gross Contractual Amount	Expected credit loss
Loans acquired	2,25,406.33	2,69,806.08	20,199.53

NOTE 40
Asset liability management

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Liabilities:								
Borrowings from banks	13,455.95	13,333.58	26,115.22	42,844.22	64,904.84	1,44,436.11	38,559.13	-
Market borrowings	6,758.95	16.12	3,817.45	6,900.38	64,174.91	1,78,042.27	26,759.28	32,417.90
Assets:								
Loans & advances	529.55	576.58	15,148.44	69,428.06	1,22,871.69	3,09,037.79	1,37,956.48	1,02,705.28
Investments	23,055.69	-	-	-	-	-	-	20,127.96

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to ₹ 32,966.08 lakhs:

- Cash & Cash Equivalents (refer note 3)	14,703.53
- Bank balances other than cash and cash equivalents (refer note 4)	37,669.22
Total	**52,372.75**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 41
Exposure to real estate sector

Category		As at March 31, 2020	As at March 31, 2019
A	**Direct exposure**		
	i. Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs ₹ NIL. (Previous year ₹ NIL)	91,803.14	1,29,493.18
	ii. Commercial Real Estate		
	Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	3,57,094.97	4,03,224.88
	iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	- Residential	Nil	Nil
	- Commercial Real Estate	Nil	Nil
B	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	73,040.70	54,972.35

NOTE 42
Exposure to capital market

Category		As at March 31, 2020	As at March 31, 2019
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	19,000
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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NOTE 43
Other Disclosures Pursuant to the RBI Master Directions, 2016
I - Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	Provisions for depreciation on Investment	-	(94.10)
2	Provision towards NPA	(3,067.66)	(1,744.62)
3	Provision made towards Income tax	1.67	9,186.52
4	Other Provision and Contingencies	1,216.58	(191.78)
5	Provision for Standard Assets*	33,658.70	2,996.34

*includes management overlay allowance of ₹ 27,844.41 lakhs.

II - Concentration of Advances

	Particulars	As at March 31, 2020	As at March 31, 2019
1	Total Advances to twenty largest borrowers	2,84,079.68	3,74,895.85
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	34.8%	35.8%

III - Concentration of Exposures

	Particulars	As at March 31, 2020	As at March 31, 2019
1	Total Exposure to twenty largest borrowers /customers	3,71,344.66	4,31,189.65
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	41.1%	37.4%

IV - Concentration of NPAs

	Particulars	As at March 31, 2020	As at March 31, 2019
1	Total Exposure to top four NPA accounts	16,445.89	1,380.24

V - Sectorwise NPA (% of NPA to Total Advances in that sector)

	Particulars	As at March 31, 2020	As at March 31, 2019
1	Agriculture and allied activities	4.84%	-
2	MSME	1.78%	3.1%
3	Corporate borrowers	5.28%	-
4	Services	6.45%	-
5	Unsecured personal loans	-	-
6	Auto loans	1.23%	0.4%
7	Other personal loans	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

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VI - Movement of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Net NPAs to Net Advances (%)	3.58%	1.61%
Movement of NPAs (Gross)		
Opening balance	27,706.14	9,432.14
Additions during the year/period	29,857.32	26,178.97
Reductions during the year/period	(21,681.44)	(7,904.97)
Closing balance	35,882.02	27,706.14
Movement of Net NPAs		
Opening balance	16,421.11	5,968.29
Additions during the year/period	29,310.65	15,319.54
Reductions during the year/period	(17,304.37)	(4,866.72)
Closing balance	28,427.39	16,421.11
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	11,285.02	3,463.85
Provisions made during the year/period	7,421.06	10,859.43
Write-off / write-back of excess provisions	(11,251.46)	(3,038.26)
Closing balance	7,454.62	11,285.02

VII - Details of assignment transactions undertaken during the period:

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	No. of accounts	5,477	2,928
2	Aggregate value (net of provisions) of accounts assigned	1,09,750.66	23,817.25
3	Aggregate consideration	1,09,750.66	25,640.25
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	1,823.00

VIII - Details of financial assets sold to Asset Reconstruction/Securitisation Companies during the period:

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	No. of accounts	10,786	4
2	Aggregate value (net of provisions) of accounts assigned	57,018.82	1,199.11
3	Aggregate consideration	55,590.40	750.00
4	Additional consideration realised in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / (loss) over net book value	(1,428.42)	(449.11)

IX - Customer Complaints

	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of complaints pending at the beginning of the period	3	-
2	No. of complaints received during the period	194	60
3	No. of complaints redressed during the period	158	57
4	No. of complaints pending at the end of the period	39	3

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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NOTE 43
Other Disclosures Pursuant to the RBI Master Directions, 2016
X- Investments

Particulars	As at March 31, 2020	As at March 31, 2019
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	43,183.65	50,159.10
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	43,183.65	50,159.10
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	94.10
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ write-back of excess provision during the year	-	(94.10)
(iv) Closing balance	-	-

XI - Registration obtained from other financial sector regulators : None

XII - Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year/period.

XIII - Details of financing of parent Company products : None

XIV - Disclosure of penalties imposed by RBI and other regulators : None

XV - Draw down from reserves : None

XVI - Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr No	Instrument	Credit Rating Agency	As at March 31, 2020	As at March 31, 2019
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-
		INDIA RATINGS	AA-	AA-
3	NCD	CARE	AA-	AA-
		INDIA RATINGS	AA-	AA-

XVII - Unsecured Advances against intangible securities : None

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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XVIII - Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on April 1, 2019 (Opening Figures)	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
2	Fresh Restructuring during the year	Number of Borrowers	-	-	-	-	-	5,647	2	-	-	5,649	5,649
		Amount Outstanding	-	-	-	-	-	94,774.64	605.13	-	-	95,379.77	95,379.77
		Provision Thereon	-	-	-	-	-	5,117.83	60.51	-	-	5,178.34	5,178.34
3	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY 2019-20 and hence need not be shown as restructured standard advances at the begining of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during FY 2019-20 (Slipped to NPA as on March 31, 2020)	Number of Borrowers	-	-	-	-	-	-	407	2	-	409	409
		Amount Outstanding	-	-	-	-	-	-	6,106.71	31.01	-	6,137.72	6,137.72
		Provision Thereon	-	-	-	-	-	-	610.67	6.20	-	616.87	616.87
6	Write-offs of the restructured accounts during FY 2019-20	Number of Borrowers	-	-	-	-	-	-	4	-	-	4	4
		Amount Outstanding	-	-	-	-	-	-	48.46	-	-	48.46	48.46
		Provision Thereon	-	-	-	-	-	-	4.85	-	-	4.85	4.85
7	Restructured account as on March 31, 2020 (Closing Figures)	Number of Borrowers	-	-	-	-	-	4,892	409	2	-	5,303	5,303
		Amount Outstanding	-	-	-	-	-	78,511.44	6,710.13	31.01	-	85,252.58	85,252.58
		Provision Thereon	-	-	-	-	-	4,239.62	671.01	6.20	-	4,916.83	4,916.83

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 44
Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP. BC.63/21.04.048/2019-20:

Particulars	As at March 31, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Granted a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'):	1,71,942.28

(ii) Respective amount where asset classification benefits is extended due to moratorium : Loan assets worth ₹ 38,887.45 lakhs were classified as standard assets instead of Stage 3 assets due to moratorium.

(iii) Provisions created as per the above circular:

Particulars	As at March 31, 2020
Total Provision (10%)	17,194.23

NOTE 45
Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms^	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1*	6,36,457.76	6,381.40	6,30,076.36	6,003.51	377.89
	Stage 2*	1,39,937.75	11,308.65	1,28,629.10	9,154.19	2,154.46
Subtotal		**7,76,395.51**	**17,690.05**	**7,58,705.46**	**15,157.70**	**2,532.35**
Non-Performing Assets (NPA)						
Substandard	Stage 3#	32,341.38	10,312.47	22,028.91	2,861.29	7,451.18
Doubtful - up to 1 year	Stage 3#	5,828.67	1,287.49	4,541.18	1,134.52	152.97
1 to 3 years	Stage 3#	1,196.52	373.81	822.71	309.08	64.73
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**7,025.19**	**1,661.30**	**5,363.89**	**1,443.60**	**217.70**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**39,366.57**	**11,973.77**	**27,392.80**	**4,304.89**	**7,668.88**
Management overlay allowance		-	27,844.41	(27,844.41)	-	27,844.41
Total		**8,15,762.08**	**57,508.23**	**7,58,253.85**	**19,462.59**	**38,045.64**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms^	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1 ~	1,60,661.78	4,989.93	1,55,671.85	-	4,989.93
	Stage 2~	5,682.94	138.98	5,543.96	-	138.98
	Stage 3~	130.12	3.18	126.94	-	3.18
Subtotal		**1,66,474.84**	**5,132.09**	**1,61,342.75**	**-**	**5,132.09**
Total	Stage 1	7,97,119.54	39,215.74	7,57,903.80	6,003.51	33,212.23
	Stage 2	1,45,620.69	11,447.63	1,34,173.06	9,154.19	2,293.44
	Stage 3	39,496.69	11,976.95	27,519.74	4,304.89	7,672.07
	Total	**9,82,236.92**	**62,640.33**	**9,19,596.60**	**19,462.59**	**43,177.74**

* IRAC provision includes general provision at 5% in respect of accounts in default but standard where asset classification benefit is extended as per the RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020.

\# includes overdue interest of ₹ 3,484.56 lakhs on which the Company has made 100% provision.

^ Computed on the value as per the IRACP norms.

~ stage 1 includes ₹ 87,448.98 lakhs of undrawn loan commitments, ₹ 3,981.56 lakhs of contingent liabilities on corporate guarantee and ₹ 69,231.24 lakhs towards servicing and sourcing arrangements.

~ stage 2 and stage 3 are towards servicing and sourcing arrangements.

NOTE 46
Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars	As at March 31, 2020 Audited	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**
(a) Debenture : Secured	2,08,947.14	-
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	3,21,115.13	-
(d) Inter-corporate loans and borrowing	1,09,940.13	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Other Loans	22,533.91	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued	**Amount outstanding**	**Amount overdue**
thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

	Assets side:	Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**	
	(a) Secured	7,44,881.16
	(b) Unsecured	70,880.92
(4)	**Break up of Leased Assets and stock on hire counting towards AFC activities**	**Amount outstanding**
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on Hire including hire charges under sundry debtors :	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC Activities :	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-
(5)	**Break-up of Investments :**	**Amount outstanding**
	Current Investments :	
	1. Quoted:	
	(I) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debenture and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Please specify)	-
	2. Unquoted :	
	(I) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	23,055.69
	(iv) Government Securities	-
	(v) Others (Please specify)	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Assets side:	Amount outstanding
Long Term investments :	
1. Quoted:	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted:	
(I) Shares: (a) Equity	20,127.96
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Pass through certificates	-

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Category	Amount in Rupees (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	52,702.09	52,702.09
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	6,87,821.12	17,730.64	7,05,551.76

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	20,127.96	20,127.96
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	23,055.69	23,055.69

NOTES
TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

(8) Other information

	Particulars	Amount in Rupees
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	35,882.02
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	28,427.39
(iii)	Assets acquired in satisfaction of debt	-

NOTE 47
The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2020.

NOTE 48
Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

OPINION

We have audited the accompanying consolidated Ind AS financial statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us , the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to Note 32(F) to these consolidated Ind AS financial statements, relating to the financial results of the Holding Company and IndoStar Home Finance Private Limited, a subsidiary of the Holding Company, which describes the economic and social disruption as a result of COVID-19 pandemic of the Group's business and financial metrics including the Group's estimates of impairment of loans to customers and assumptions used in testing the impairment of the carrying value of goodwill, which are highly dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Impairment of financial asset (expected credit loss) (as described in note 6 & 26 of the Consolidated Ind AS financial statements)	
Ind AS 109 requires the Group to provide for impairment of its loan portfolio (designated at amortised cost) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Group's loans and advances and investments. In the process, a significant degree of judgement has been applied by the management for: • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Determining effect of less frequent past events on future probability of default; • Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended moratorium to its borrowers in accordance with its Board approved policy. In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Group has recorded a management overlay of around ₹ 28,104 lakhs as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.	• Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Group's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Tested samples for staging of loans based on their past-due status to check compliance with requirements of Ind AS 109. • Tested the assumptions used by the Group for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets. • Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.

Key audit matters	How our audit addressed the key audit matter
IT systems and controls	
We identified IT systems and controls over financial reporting as a key audit matter for the Group because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting. Of particular importance are system calculations, other IT application controls and interfaces between IT systems.	• Tested the design and operating effectiveness of the Group's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Tested IT general controls which include logical access, changes management and aspects of IT operational controls. • Tested the Group's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report and Management Discussion & Analysis, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements 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 these consolidated Ind AS financial statements.

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 consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 Ind AS financial statements 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 consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Group to its directors in excess of the limits provided in section 197 read with Schedule V to the Act by ₹ 827.89 lakhs We are informed by the management that it proposes to obtain approval of the shareholders in a general meeting by way of a special resolution;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Group does not have any pending litigations which would impact its consolidated financial position;

   ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2020.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGG2615

Place of Signature: Mumbai
Date: June 17, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF INDOSTAR CAPITAL FINANCE LIMTED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of IndoStar Capital Finance Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per **Shrawan Jalan**
Partner
Membership Number: 102102
UDIN: 20102102AAAAGG2615

Place of Signature: Mumbai
Date: June 17, 2020

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	16,835.17	1,08,404.90
Bank balances other than cash and cash equivalents	4	37,669.22	3,558.59
Receivables			
Trade receivables	5	-	53.10
Loans	6	7,80,194.25	10,36,366.88
Investments	7	23,055.69	30,085.81
Other financial assets	8	33,056.67	5,027.51
		8,90,811.00	**11,83,496.79**
Non-financial assets			
Current tax assets (net)	9	13,386.58	3,586.35
Deferred tax assets (net)	10	12,978.64	1,755.52
Property, plant and equipment	11	7,861.61	6,624.86
Assets Held for sale	12	3,873.85	-
Goodwill	13	30,018.69	30,018.69
Intangible assets	13	383.58	396.43
Other non-financial assets	14	4,427.28	4,136.75
		72,930.23	**46,518.60**
TOTAL ASSETS		**9,63,741.23**	**12,30,015.39**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	15		
(i) total outstanding to micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,109.83	1,947.54
Debt securities	16	2,08,947.14	3,61,870.83
Borrowings (other than debt securities)	17	4,59,029.76	5,44,302.03
Other financial liabilities	18	22,748.52	20,036.32
		6,91,835.25	**9,28,156.72**
Non-financial liabilities			
Provisions	19	906.66	606.62
Other non-financial liabilities	20	2,942.95	623.76
		3,849.61	**1,230.38**
TOTAL LIABILITIES		**6,95,684.86**	**9,29,387.10**
Equity			
Share capital	21	9,245.09	9,225.74
Other equity	22	2,58,811.28	2,91,402.55
TOTAL EQUITY		**2,68,056.37**	**3,00,628.29**
TOTAL LIABILITIES AND EQUITY		**9,63,741.23**	**12,30,015.39**

Significant Accounting Policies 2

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

INDOSTAR

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	23		
Interest income		1,39,659.93	1,08,126.68
Fees and commission income		5,154.89	6,196.19
Net gain on fair value changes		4,732.91	4,175.21
Gain on derecognition of financial instruments measured at amortised cost category		3,240.57	2,064.67
Total revenue from operations		**1,52,788.30**	**1,20,562.75**
Other income	24	146.17	-
Total income		**1,52,934.47**	**1,20,562.75**
Expenses			
Finance cost	25	79,383.67	56,359.22
Impairment on financial instruments	26	82,035.17	1,624.78
Employee benefit expenses	27	18,870.37	14,941.91
Depreciation and amortisation expenses	28	3,010.31	1,823.04
Other expenses	29	13,302.43	7,898.38
Total expenses		**1,96,601.95**	**82,647.33**
Profit before tax		**(43,667.48)**	**37,915.42**
Tax expense:	30		
1. Current tax		36.12	9,269.43
2. Deferred tax expense /(income)		(11,240.88)	4,566.51
Total tax expenses		**(11,204.76)**	**13,835.94**
Profit after tax		**(32,462.72)**	**24,079.48**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		70.50	(20.32)
- Income tax relating to items that will not be reclassified to profit or loss		(17.74)	7.14
		52.76	(13.19)
Other comprehensive income for the year, net of tax		**52.76**	**(13.19)**
Total comprehensive income for the year		**(32,409.96)**	**24,066.29**
Earnings per equity share	31		
Basic earnings per share (₹)		(35.18)	26.63
Diluted earnings per share (₹)		(34.95)	26.07
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A	**Cash Flow from Operating Activities**		
	Net profit before tax	(43,667.48)	37,915.42
	Adjustments for :		
	Interest income on financial assets	(1,39,659.93)	(1,08,126.68)
	Finance costs	79,383.67	56,359.22
	Depreciation and amortisation expense	3,010.31	1,823.04
	Provisions for expected credit loss	32,295.59	959.61
	Provision for gratuity and leave encashment	267.71	187.45
	Employee share based payment expense	1,768.75	1,118.54
	Gain on sale/revaluation of investments	(4,732.91)	(4,175.21)
	Operating profit before working capital changes	**(71,334.29)**	**(13,938.61)**
	Adjustments:		
	(Increase)/Decrease in trade receivables	53.10	(53.10)
	(Increase)/Decrease in loans and advances	2,25,230.33	(2,31,263.07)
	(Increase)/Decrease in other financial assets	(24,071.83)	(2,077.22)
	(Increase)/Decrease in other non-financial assets	(290.55)	(1,567.32)
	Increase/(Decrease) in trade payable	(837.70)	1,016.76
	Increase/(Decrease) in other financial liabilities	(2,268.97)	5,692.68
	Increase/(Decrease) in provisions	(87.65)	(24.15)
	Increase/(Decrease) in other non-financial liabilities	2,319.18	64.40
		1,28,711.62	**(2,42,149.63)**
	Interest income realised on financial assets	1,39,526.86	1,03,191.95
	Finance costs paid	(83,872.78)	(56,359.21)
	Cash (used in)/generated from operating activities	**1,84,365.70**	**(1,95,316.89)**
	Taxes paid	(9,836.35)	(13,756.97)
	Net cash (used in)/generated from operating activities (A)	**1,74,529.35**	**(2,09,073.86)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(4,030.69)	(2,156.66)
	Purchase of Assets Held for Sale	(3,873.85)	-
	Purchase of intangible assets	(203.51)	(194.59)
	Payment on account of acquisition of business	(2,00,621.67)	(40,851.33)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(34,110.63)	(3,555.88)
	(Acquisition)/redemption of amortised cost investments (net)	-	19,605.16
	(Acquisition)/redemption of FVTPL investments (net)	11,763.03	53,192.56
	Net cash (used in)/generated from investing activities (B)	**(2,31,077.32)**	**26,039.26**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	287.50	69,088.51
	Proceeds from bank borrowings	2,27,186.31	2,01,717.80
	Repayments towards bank borrowings	(1,12,473.36)	(96,041.84)
	Proceeds from issuance of Non-Convertible Debentures	1,818.42	2,44,380.00
	Repayments towards Non-Convertible Debentures	(1,20,500.00)	(42,523.37)
	Proceeds from/(repayments towards) Commercial Papers (net)	(29,116.54)	(96,856.55)
	Dividend and DDT paid	(2,224.08)	(1,111.97)
	Net cash (used in)/generated from financing activities (C)	**(35,021.75)**	**2,78,652.58**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(91,569.73)**	**95,617.98**
	Cash and Cash Equivalents at the beginning of the year	1,08,404.90	12,786.92
	Cash and Cash Equivalents at the end of the year	**16,835.17**	**1,08,404.90**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	131.86	258.49
	Balances with banks		
	- in current accounts	9,966.58	74,017.42
	Deposits with original maturity of less than 3 months	6,736.73	34,128.99
	Total	**16,835.17**	**1,08,404.90**

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2018		7,867.93
Shares issued during the period		1,357.81
Balance as at March 31, 2019	**21**	**9,225.74**
Balance as at March 31, 2019		9,225.74
Shares issued during the period		19.35
Balance as at March 31, 2020	**21**	**9,245.09**

(b) Other equity

Particulars	Reserves and surplus						Total
	Securities Premium Account	Statutory Reserves U/s 45-1C	Statutory Reserve U/s Section 29C	Capital Reserve	Share options outstanding account	Retained earnings	
Balance at April 1, 2018	1,03,435.83	20,802.77	8.53	0.43	5,585.05	69,772.26	1,99,604.87
Profit after tax for the year	-	-	-	-		24,079.48	24,079.48
Gain/loss on re-measurement of defined benefit plans	-	-	-	-		(13.19)	(13.19)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**24,066.29**	**24,066.29**
Transferred from Retained earnings	-	5,102.62	-	-	-	(5,102.62)	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	(1,111.97)	(1,111.97)
Share based payment expense	-	-	-	-	1,112.66	-	1,112.66
Shares issued during the year	67,730.70		-	-	-	-	67,730.70
Balance at March 31, 2019	**1,71,166.53**	**25,905.39**	**8.53**	**0.43**	**6,697.71**	**87,623.96**	**2,91,402.55**
Balance at April 1, 2019	**1,71,166.53**	**25,905.39**	**8.53**	**0.43**	**6,697.71**	**87,623.96**	**2,91,402.55**
Profit after tax for the year	-	-	-	-	-	(32,462.72)	(32,462.72)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	52.76	52.76
Total comprehensive income	**-**	**-**		**-**		**(32,409.96)**	**(32,409.96)**

INDOSTAR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Particulars	Reserves and surplus						Total
	Securities Premium Account	Statutory Reserves U/s 45-1C	Statutory Reserve U/s Section 29C	Capital Reserve	Share options outstanding account	Retained earnings	
Transferred from Retained earnings	-	-	283.95	-	-	(283.95)	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	(2,224.08)	(2,224.08)
Share based payment expense	-	-	-	-	1,774.62	-	1,774.62
Shares issued during the year	268.15	-	-	-	-	-	268.15
Balance at March 31, 2020	**1,71,434.68**	**25,905.39**	**292.48**	**0.43**	**8,472.33**	**52,705.97**	**2,58,811.28**

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

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

per **Shrawan Jalan**
Partner
Membership No. 102102

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

Place: Mumbai
Date: June 17, 2020

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

1 CORPORATE INFORMATION

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on July 21, 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-13.02109. The Company together with its subsidiaries (collectively, the Group), is primarily engaged in lending activities.

Indostar Capital Finance Limited is engaged in business of lending to Corporates and SME businesses. The Company has two subsidiaries, IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset management services and IndoStar Home Finance Private Limited which is engaged in housing finance business.

2 BASIS OF PREPARATION, BASIS FOR CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. a Basis of Preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Group.

2.1. b Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on March 31, 2020.

Consolidation procedure:

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

2.2 Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities of the Group as on balance sheet dates, within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Group or its counterparties

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

(i) Classification of Financial Instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) How managers of the business are compensated; and

(iv) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Group assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

(b) Bank balances and Trade Receivables

The Group measures bank balances and trade receivables at amortised cost. Trade receivables are measured at transaction price.

(c) Financial assets at fair value through profit or loss

Financial assets are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

(i) The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis;

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss. The premium/deemed premium is recognised in the statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Loan commitments

Loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Subsequent to

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

initial recognition, the Group's liability under each loan commitment shall be recorded at the amount higher of (i) the amount initially recognised less the cumulative amortisation recognised in the Statement of Profit or Loss and (ii) the amount of loss allowance (within Provisions).

(v) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of

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the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipments

Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective assets. The estimated useful life used to provide depreciation are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Building	60 years	60 years
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - Mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Leasehold improvement is amortised on Straight Line Method over the lease term, subject to a maximum of 60 months.

Useful life of assets different from prescribed in Schedule II of the Act has been estimated by management and supported by technical assessment.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of Profit and Loss till the date of sale.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of Profit and Loss.

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature

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other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles for Financial assets

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with undrawn loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Advances are termed as to have significant increase in credit risk when they are due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Advances where the amount remains due for 90 days or more are considered to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Calculation of ECL

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

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Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Group computes the ECL allowance on either individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Corporate loans, SME loans, Commercial vehicle loans and Home loans.

ECL on Trade Receivables

The Group applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Group is recognising lifetime ECL for trade receivables.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

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The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognized as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Group has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees

Management fees and other fees are recognized as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

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(g) **Securitisation transactions**

In accordance with Ind AS 109, in case of securitisation transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) **Net gain/(loss) on Fair value changes**

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

h) **Finance Costs**

The Group recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) **Retirement and other employee benefits**

(i) **Defined Contribution Plan**

Provident Fund

All the employees of the Group are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense, when an employee renders the related service.

(ii) **Defined Benefit schemes**

(a) **Gratuity**

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Group accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) **Leave Encashment**

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

j) **Share based employee payments**

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants

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expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount Rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Changes in accounting

On March 30, 2019, the Ministry of Corporate Affairs('MCA'), through the Companies (Indian Accounting Standards) amendment rules, 2019 and the Companies (Indian Accounting Standards) second amendment rules has notified Ind AS 116 Leases which replaces the existing standard, Ind AS 17 Leases and other interpretaions.

Ind AS 116 set out the principles for the recognition, measurement, presentation of disclosure of leases for both leases and lessors. It introduces a single on balance sheet lease accounting model for lesses effective from April 1, 2019 (the date of transition), The Group applied Ind AS 116 using the modified retrospective approach wherein the right of use (ROU) asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirement in Ind AS 116 have not generally been applied to comparative information.

As a lessee, the Group leases asset which includes branches and office premises. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying asset to the Group. Under IND AS 116, the Group recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct cost from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

The difference between the future minimum lease rental commitments toward non-cancellable operating lease reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable terms of the leases, reduction due to the discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in INR which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

m) Provisions

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has

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become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

The Group 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.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

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(Currency : Indian Rupees in Lakhs)

NOTE 3

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
Cash on hand	131.86	258.49
Balances with banks		
- in current accounts	9,966.58	74,017.42
Deposits with original maturity of less than three months	6,736.73	34,128.99
	16,835.17	**1,08,404.90**

NOTE 4

Particulars	As at March 31, 2020	As at March 31, 2019
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	11,230.46	-
Earmarked deposits with banks	26,438.76	3,558.59
	37,669.22	**3,558.59**

NOTE 5

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Receivables considered good - Unsecured	-	53.10
	-	**53.10**

NOTE 6

Particulars	As at March 31, 2020	As at March 31, 2019
Loans		
At amortised cost		
Business Loans		
Corporate lending	2,94,312.60	4,61,431.08
Small and medium enterprises lending (SME)	1,36,145.06	1,79,088.43
Commercial vehicle lending	3,32,390.68	3,70,571.38
Home Loans	75,291.17	52,961.00
Total - Gross	**8,38,139.51**	**10,64,051.89**
Less: Impairment allowance	(57,945.26)	(27,685.01)
Total - Net	**7,80,194.25**	**10,36,366.88**
(a) Secured by tangible assets	8,20,172.33	10,31,669.08
(b) Unsecured	17,967.18	32,382.81
Total - Gross	**8,38,139.51**	**10,64,051.89**
Less: Impairment allowance	(57,945.26)	(27,685.01)
Total - Net	**7,80,194.25**	**10,36,366.88**

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(Currency : Indian Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Loans in India		
(a) Public sector	-	-
(b) Others	8,38,139.51	10,64,051.89
Total - Gross	**8,38,139.51**	**10,64,051.89**
Less: Impairment allowance	(57,945.26)	(27,685.01)
Total - Net	**7,80,194.25**	**10,36,366.88**
Loans outside India	**-**	**-**
Total - Net (a)+(b)	**7,80,194.25**	**10,36,366.88**

Notes:

1. Detailed analysis on year end stage classification of loans and impairment allowance is disclosed in Note 32.
2. Impairment allowance for previous year March 31, 2019 includes INR 20,200 lakhs on account of acquisition of commercial vehicle loan portfolio.

NOTE 7

Particulars	Amortised cost	Fair value through profit or loss	Total
Investments			
Investments as on March 31, 2020			
Mutual funds	-	23,055.69	23,055.69
Total - Gross	**-**	**23,055.69**	**23,055.69**
Investments in India	-	23,055.69	23,055.69
Investments outside India	-	-	-
Total - Gross	**-**	**23,055.69**	**23,055.69**
Less: Impairment loss allowance	-	-	-
Total - Net	**-**	**23,055.69**	**23,055.69**

Particulars	Amortised cost	Fair value through profit or loss	Total
Investments as on March 31, 2019			
Mutual funds	-	30,085.81	30,085.81
Total - Gross	**-**	**30,085.81**	**30,085.81**
Investments in India	-	30,085.81	30,085.81
Investments outside India	-	-	-
Total - Gross	**-**	**30,085.81**	**30,085.81**
Less: Impairment loss allowance	-	-	-
Total - Net	**-**	**30,085.81**	**30,085.81**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 8

Particulars	As at March 31, 2020	As at March 31, 2019
Other financial assets		
Security deposit	672.20	888.51
Other Receivables	32,384.47	4,139.00
	33,056.67	**5,027.51**

NOTE 9

Particulars	As at March 31, 2020	As at March 31, 2019
Current tax assets (net)		
Advance Tax (net of provision)	13,386.58	3,586.35
	13,386.58	**3,586.35**

NOTE 10

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets (net)		
Deferred tax assets		
Provision for expected credit loss	10,029.45	2,296.73
Provision for gratuity	78.70	58.59
Provision for leave encashment	76.97	55.38
Fair valuation of ESOPs	621.82	863.35
Income amortisation	677.63	1,367.93
Depreciation on PPE and intangible assets	540.55	130.70
Provision on Assets held for sale	32.89	-
Carried forward book losses	6,025.46	-
Total (A)	**18,083.47**	**4,772.68**
Deferred tax liability		
Goodwill amortisation	(2,597.06)	(1,311.21)
Fair valuation of security deposits	(0.21)	(0.30)
Assignment income amortisation	(1,011.63)	(637.03)
Borrowing cost amortisation	(1,284.07)	(1,068.62)
Lease liabilities	(211.86)	-
Total (B)	**(5,104.83)**	**(3,017.16)**
Net deferred tax asset (A-B)	**12,978.64**	**1,755.52**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

NOTE 11

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
Property, plant and equipment								
Cost as at April 1, 2018	**15.05**	**1,050.30**	**732.64**	**2,175.46**	**463.43**	**1,037.99**	**-**	**5,474.87**
Additions	-	-	15.84	2,047.07	123.68	878.52	-	3,065.11
Disposals	-	-	-	-	-	-	-	-
Cost as at March 31, 2019	**15.05**	**1,050.30**	**748.48**	**4,222.53**	**587.11**	**1,916.51**	**-**	**8,539.98**
Additions	-	-	11.21	391.36	59.32	331.61	3,242.59	4,036.09
Disposals	-	-	(5.48)	-	(20.81)	(0.56)	-	(26.85)
Adjustment	-	-	-	(31.53)	(0.03)	-	-	(31.56)
Cost as at March 31, 2020 (A)	**15.05**	**1,050.30**	**754.21**	**4,582.36**	**625.59**	**2,247.56**	**3,242.59**	**12,517.66**
Accumulated depreciation as at April 1, 2018	**-**	**3.17**	**5.54**	**154.73**	**24.44**	**143.26**	**-**	**331.14**
Depreciation charged during the year	-	17.54	8.46	971.77	58.96	527.25	-	1,583.98
Disposals	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	**-**	**20.71**	**14.00**	**1,126.50**	**83.40**	**670.51**	**-**	**1,915.12**
Depreciation charged during the year	-	17.54	157.19	853.16	123.74	629.58	1,012.73	2,793.94
Disposals	-	-	(3.62)	-	(17.27)	(0.56)	-	(21.45)
Adjustment	-	-	0.00	(30.50)	(0.42)	(0.64)	-	(31.56)
Accumulated depreciation as at March 31, 2020 (B)	**-**	**38.25**	**167.57**	**1,949.16**	**189.45**	**1,298.89**	**1,012.73**	**4,656.05**
Net carrying amount as at March 31, 2020 (A) - (B)	**15.05**	**1,012.05**	**586.64**	**2,633.20**	**436.14**	**948.67**	**2,229.86**	**7,861.61**
Net carrying amount as at March 31, 2019	**15.05**	**1,029.59**	**734.48**	**3,096.03**	**503.71**	**1,246.00**	**-**	**6,624.86**

* Mortgaged as security against Secured Non-convertible Debentures

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 12

Particulars	As at March 31, 2020	As at March 31, 2019
Assets held for sale	4,304.28	-
Provision on Assets held for sale	(430.43)	-
	3,873.85	**-**

NOTE 13

Particulars	Total
Goodwill	
Cost as at April 1, 2018	
Acquisition of business (note 42)	30,018.69
Cost as at March 31, 2019	**30,018.69**
Acquisition of business	-
Cost as at March 31, 2020 (A)	**30,018.69**
Accumulated impairment as at April 1, 2018	
Addition	-
Accumulated impairment as at March 31, 2019	**-**
Addition	-
Accumulated impairment as at March 31, 2020 (B)	**-**
Net carrying amount as at March 31, 2020 (A)- (B)	**30,018.69**
Net carrying amount as at March 31, 2019	**30,018.69**

The Company has assessed that there is no impairment of Goodwill for the year ended March 2020. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets covering a five-year period and a discount rate of 10.5 per cent. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield and spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

Particulars	Computer Software	Total
Intangible assets		
Deemed Cost as at April 1, 2018	**554.55**	**554.55**
Additions	213.36	213.36
Disposals	(21.80)	(21.80)
Cost as at March 31, 2019	**746.11**	**746.11**
Additions	203.51	203.51
Disposals	-	-
Cost as at March 31, 2020 (A)	**949.62**	**949.62**
Accumulated amortisation as at April 1, 2018	**113.66**	**113.66**
Amortisation recognised for the year	239.05	239.05
Disposals	(3.03)	(3.03)
Accumulated amortisation as at March 31, 2019	**349.68**	**349.68**
Amortisation recognised for the year	216.36	216.36
Disposals	-	-
Accumulated amortisation as at March 31, 2020 (B)	**566.04**	**566.04**
Net carrying amount as at March 31, 2020 (A)- (B)	**383.58**	**383.58**
Net carrying amount as at March 31, 2019	**396.43**	**396.43**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 14

Particulars	As at March 31, 2020	As at March 31, 2019
Other non-financial assets		
Prepaid expenses	893.20	935.62
Advances recoverable in cash or in kind or for value to be received	3,534.08	3,201.13
	4,427.28	**4,136.75**

NOTE 15

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Dues to Others	1,109.83	1,947.54
	1,109.83	**1,947.54**

NOTE 16
Debt securities

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	2,08,947.14	3,32,754.29
Commercial paper (net of unamortised discount) repayable within next twelve months	-	29,116.54
	2,08,947.14	**3,61,870.83**
Debt securities in India	2,08,947.14	3,32,754.29
Debt securities outside India	-	-
Total	**2,08,947.14**	**3,32,754.29**
Secured	2,08,947.14	3,32,754.29
Unsecured	-	29,116.54
Total	**2,08,947.14**	**3,61,870.83**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment as on March 31, 2020

Redeemable within	As at March 31, 2020	As at March 31, 2019
	Rate of interest	Rate of interest
	> 8.95% < 11.40%	> 0% < 12.50%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	2,483.06	26,500.00
36-48 Months	13,905.15	35,000.00
24-36 Months	37,245.93	99,080.00
12-24 Months	98,407.87	46,000.00
0-12 Months	56,905.13	1,26,174.29
Total	**2,08,947.14**	**3,32,754.29**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:

   (i) first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of ₹ 2,09,368 lakhs (March 2019: ₹ 3,29,215 lakhs); and

   (ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

NOTE 17

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings		
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)*	3,26,555.72	3,13,159.18
Loan from holding Company	-	-
Loans repayable on demand		
Working capital demand loans from banks**	15,500.00	15,000.00
Bank overdrafts **	7,033.91	12,579.78
Other borrowings (including Inter Corporate Deposits)	1,09,940.13	2,03,563.07
Total	**4,59,029.76**	**5,44,302.03**
Borrowings in India	4,59,029.76	5,44,302.03
Borrowings outside India	-	-
Total	**4,59,029.76**	**5,44,302.03**
Secured borrowings	3,49,089.63	3,40,738.96
Unsecured borrowings	1,09,940.13	2,03,563.07
Total	**4,59,029.76**	**5,44,302.03**

(a) Term loan from banks (TL):
Terms of repayment:

Redeemable within	As at March 31, 2020	As at March 31, 2019
	Rate of interest	Rate of interest
	>= 8.65% < 11.20%	>= 8.65% < 11.20%
	Amount	Amount
Above 60 Months	122.12	875.00
48-60 Months	1,846.08	21,776.50
36-48 Months	37,444.29	38,770.75
24-36 Months	57,866.58	72,479.70
12-24 Months	89,277.54	91,155.67
0-12 Months	1,39,999.11	88,101.56
Total	**3,26,555.72**	**3,13,159.18**

* first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset.

** secured by first pari-passu charge by way of hypothecation on the standard asset portfolio.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 18

Particulars	As at March 31, 2020	As at March 31, 2019
Other financial liabilities		
Book overdraft	39.26	8,997.37
Employee benefits payable	833.31	2,886.73
Others	21,875.95	8,152.22
	22,748.52	**20,036.32**

NOTE 19

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions		
Provision for employee benefits:		
- Gratuity	418.04	410.71
- Leave encashment	276.84	173.91
Others :		
- Expected credit loss on undrawn loan commitments	211.78	22.00
	906.66	**606.62**

NOTE 20

Particulars	As at March 31, 2020	As at March 31, 2019
Non-financial liabilities		
Statutory dues payable	552.05	623.76
Unamortised Lease Liabilities	2,390.90	-
	2,942.95	**623.76**

NOTE 21
Share capital
a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	15,25,00,000	15,250.00	1,100	11,000.00
Compulsorily Convertible Preference Share of Face Value of ₹ 10/- each	1,25,00,000	1,250.00	-	-
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	9,24,50,915	9,245.09	9,22,57,415	9,225.74
Total	**9,24,50,915**	**9,245.09**	**9,22,57,415**	**9,225.74**

b. Reconciliation of number of shares at the beginning and at the end of the year

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	9,22,57,415	9,225.74	7,86,79,259	7,867.93
Add: Shares issued during the year	1,93,500	19.35	1,35,78,156	1,357.81
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**9,24,50,915**	**9,245.09**	**9,22,57,415**	**9,225.74**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at March 31, 2020		As at March 31, 2019	
		No of equity shares held	%	No of equity shares held	%
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	56.89	5,25,94,228	57.01

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

d. Particulars of shareholders holding more than 5% of the share capital

Name of shareholder	Relationship	As at March 31, 2020		As at March 31, 2019	
		No of equity shares held	%	No of equity shares held	%
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	56.89	5,25,94,228	57.01
SBI Equity Hybrid Fund		81,13,036	8.78	72,21,936	7.83

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership of shares.

e. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholders to the total equity share capital.

NOTE 22

Particulars	As at March 31, 2020	As at March 31, 2019
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	292.48	8.53
Securities premium	1,71,434.68	1,71,166.53
Share options outstanding account	8,472.33	6,697.71
Retained earnings	52,705.97	87,623.96
	2,58,811.28	**2,91,402.55**

22.1 Other equity movement

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	20,802.77
Add : Transferred from surplus	-	5,102.62
Closing Balance	**25,905.39**	**25,905.39**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	8.53	8.53
Add : Transferred from surplus	283.95	-
Closing Balance	**292.48**	**8.53**
Securities premium		
Opening Balance	1,71,166.53	1,03,435.83
Add : Premium collected on share allotment	268.15	67,730.70
Closing Balance	**1,71,434.68**	**1,71,166.53**
Share options outstanding account		
Opening Balance	6,697.71	5,585.05
Movement during the year	1,774.62	1,112.66
Closing Balance	**8,472.33**	**6,697.71**
Retained earnings		
Opening Balance	87,623.96	69,772.26
Add: Remeasurement of defined benefit plan/obligations	52.76	(13.19)
Add: Transferred from the statement of profit and loss	(32,462.72)	24,079.48
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	-	(5,102.62)
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(283.95)	-
Less: Appropriation towards dividend and dividend distribution tax	(2,224.08)	(1,111.97)
Closing Balance	**52,705.97**	**87,623.96**

22.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents accumulated surplus of the accumulated earnings of the Company and which are available for distribution to shareholders.

INDOSTAR

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

22.3 Dividend paid and proposed

Particulars	Rate of Dividend (%)	Dividend per share (₹)	Amount (excl. Dividend distribution tax) (₹)	Amount (incl. Dividend distribution tax) (₹)
Declared and paid during the year				
Interim dividend for the financial year FY 2019-20	10%	1.00	922.67	1,112.33

NOTE 23

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,38,380.79	1,05,352.40
Interest on investments		
- Investments in PTCs	-	825.25
- Debt instruments	-	1,568.46
Interest on deposits		
- Deposits with banks	1,279.14	380.57
	1,39,659.93	**1,08,126.68**
Fees and commission income		
- Management fee	2.99	27.82
- Syndication, advisory & other fees	5,151.90	6,168.37
	5,154.89	**6,196.19**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	4,732.91	4,175.21
Total fair value changes	**4,732.91**	**4,175.21**
Fair value changes:		
- Realised	4,726.15	4,089.40
- Unrealised	6.76	85.81
Total fair value changes	**4,732.91**	**4,175.21**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	3,240.57	2,064.67
	3,240.57	**2,064.67**
Total	**1,52,788.30**	**1,20,562.75**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 24

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other income		
- Other Income	146.17	-
	146.17	**-**

NOTE 25

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	38,854.35	24,193.45
Interest on Repo instruments	-	37.96
Other borrowings (including Inter Corporate Deposits)	11,838.40	671.62
Interest expense on debt securities		
Debentures	26,481.43	24,422.93
Commercial paper	1,383.46	6,474.55
Other interest expense		
Security deposits	-	-
Bank charges & other related costs	826.03	558.71
	79,383.67	**56,359.22**

NOTE 26

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	31,075.36	1,243.99
Financial assets written off (net of recovery)	49,738.98	665.17
Impairment on investments		
Pass through certificates	-	(94.10)
Impairment on others		
Undrawn loan commitments	189.78	(206.03)
Others	1,031.05	15.75
	82,035.17	**1,624.78**

NOTE 27

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee Benefit Expenses		
Salaries, other allowances and bonus	15,919.71	13,127.68
Gratuity expenses	138.58	76.97
Leave encashment	129.84	110.49
Contribution to provident and other funds	759.88	399.22
Staff welfare expenses	147.75	108.04
Share based payment expense	1,768.75	1,118.54
Employee shared service costs recovered	5.86	0.97
	18,870.37	**14,941.91**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 28

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,793.95	1,583.99
Amortisation of intangible assets	216.36	239.05
	3,010.31	**1,823.04**

NOTE 29

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other Expenses		
Rent	860.71	1,760.16
Rates & taxes	97.55	63.38
Printing and stationery	72.73	157.18
Travelling & conveyance	1,083.90	687.53
Advertisement	280.61	202.09
Business Promotion	173.24	26.12
Commission & brokerage	63.78	240.84
Office expenses	2,846.78	2,339.06
Directors' fees & commission	75.16	75.86
Insurance	512.99	178.00
Communication expenses	499.68	478.88
Payment to auditors (note below)	88.39	79.09
CSR expenses (note below)	392.41	200.11
Legal & professional charges	1,633.05	1,353.59
Loss on sale of fixed assets (net)	18.63	18.77
Membership & subscriptions	93.05	10.21
Other shared service costs recovered	28.02	27.51
Other fees and commission	69.76	-
Impairment allowance on assets held for sale	430.43	-
Provision for corporate guarantee	3,981.56	-
	13,302.43	**7,898.38**
Payment to auditor includes:		
a) Statutory Audit	54.56	54.43
b) Tax Audit	5.13	5.13
c) Certifications	22.40	9.81
d) Other Services	6.30	9.72
Total	**88.39**	**79.09**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	715.99	649.08
b) Amount spent during the year:		
- Expenses paid in cash	392.41	200.11
- Expenses yet to be paid for	-	-
Total	**392.41**	**200.11**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	392.41	200.11
Total	**392.41**	**200.11**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
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NOTE 30
Income taxes
Tax expense
(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense		
Current year	36.12	9,269.43
	36.12	**9,269.43**
Deferred tax expense		
Origination and reversal of temporary differences	(11,240.88)	4,566.51
	(11,240.88)	**4,566.51**
Tax expense for the year	**(11,204.76)**	**13,835.94**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liability (asset)	70.50	(17.74)	52.76	(20.32)	7.14	(13.19)
Tax expense for the year	**70.50**	**(17.74)**	**52.76**	**(20.32)**	**7.14**	**(13.19)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	**(43,667.48)**	**37,915.42**
Statutory income tax rate	25.168%	34.944%
Expected income tax expense	(10,990.23)	13,249.16
Difference in tax rate due to:		
- Effect of non-deductible expenses	51.07	37.39
- Effect of change in tax rates	491.13	-
- Effect of b/f loss set off in current year	(703.54)	(30.04)
- Effect of current year loss c/f	-	666.25
- Effect of different tax rates for subsidiaries	-	(28.92)
- Effect of inter-Company transacitons	(15.52)	(52.41)
- Others	(37.67)	(5.49)
Total tax expense	**(11,204.76)**	**13,835.94**
	25.66%	**36.49%**
Current tax	36.12	9,269.43
Deferred tax	(11,240.88)	4,566.51
	(11,204.76)	**13,835.94**

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Deferred tax assets have not been recognised in respect of the following items:

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences [Gross amount]		
Tax losses (adjustable in FY 2025-26)	1,012.25	952.25
Tax losses (adjustable in FY 2026-27)	1,783.08	1,906.53
Total	**2,795.33**	**2,858.78**

(d) Movement in deferred tax balances

Particulars	March 31, 2020			
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred tax assets				
Provision for expected credit loss	2,296.73	7,732.72	-	10,029.45
Provision for gratuity	58.59	37.85	(17.74)	78.70
Provision for leave encashment	55.38	21.59	-	76.97
Fair valuation of ESOPs	863.35	(241.53)	-	621.82
Income amortisation	1,367.93	(690.30)	-	677.63
Depreciation on PPE and intangible assets	130.70	409.84	-	540.55
Provision on assets held for sale	-	32.89	-	32.89
Carried forward book losses	-	6,025.46	-	6,025.46
Deferred tax liability				
Borrowing cost amortisation	(1,068.62)	(215.44)	-	(1,284.07)
Fair valuation of security deposits	(0.30)	0.11	-	(0.21)
Goodwill amortisation	(1,311.21)	(1,285.85)	-	(2,597.06)
Assignment income amortisation	(637.03)	(374.60)	-	(1,011.63)
Lease liabilities	-	(211.86)	-	(211.86)
Deferred tax assets / (Liabilities)	**1,755.52**	**11,240.88**	**(17.74)**	**12,978.64**

(e) Movement in deferred tax balances

Particulars	March 31, 2019			
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred tax assets				
Provision for expected credit loss	2,297.16	(0.43)	-	2,296.73
Provision for gratuity	30.33	21.13	7.14	58.59
Provision for leave encashment	25.14	30.24	-	55.38
Interest on the NPA Loans not accrued in books	252.93	(252.93)	-	-
Diminution in value of investments	69.56	(69.56)	-	-
Fair valuation of ESOPs	863.35	-	-	863.35
Income amortisation	2,970.62	(1,602.69)	-	1,367.93
Depreciation on PPE and intangible assets	(15.71)	146.41	-	130.70
Deferred tax liability				
Borrowing cost amortisation	(180.88)	(887.75)	-	(1,068.62)
Fair valuation of security deposits	2.38	(2.69)	-	(0.30)
Goodwill amortisation	-	(1,311.21)	-	(1,311.21)
Assignment income amortisation	-	(637.03)	-	(637.03)
Deferred tax assets / (Liabilities)	**6,314.88**	**(4,566.51)**	**7.14**	**1,755.52**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

NOTE 31
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i.	Profit attributable to equity holders (A)		
	Profit attributable to equity holders for basic and diluted EPS	(32,462.72)	24,079.48
ii.	Weighted average number of equity shares for calculating Basic EPS (B)	9,22,81,963	9,04,30,065
iii.	Weighted average number of equity shares for calculating Diluted EPS (C)	9,28,88,278	9,23,77,939
iv.	Basic earnings per share (₹)	(35.18)	26.63
v.	Diluted earnings per share (₹)	(34.95)	26.07

NOTE 32
Financial instruments – Fair values

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework

Group's risk management framework is based on:

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks, and

(d) Adequate review mechanism to monitor and control risks.

Group's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a well established risk reporting and monitoring framework. The Group identifies and monitors risks periodically. This process enables the Group to reassess all critical risks in a changing environment that need to be focused on.

C. Risk governance structure

Group's risk governance structure operates with a robust Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives. The risk

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management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group.

The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	23,055.69	-	-	23,055.69	23,055.69	-	-	23,055.69
Total	**23,055.69**	**-**	**-**	**23,055.69**	**23,055.69**	**-**	**-**	**23,055.69**

Particulars	As at March 31, 2019							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	30,085.81	-	-	30,085.81	30,085.81	-	-	30,085.81
Total	**30,085.81**	**-**	**-**	**30,085.81**	**30,085.81**	**-**	**-**	**30,085.81**

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

E. Credit risk

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Group has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The Group has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Write off policy

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss.

Overview of the Expected Credit Loss principles

The Expected Credit Loss ('ECL') allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or 'LTECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ('12mECL') . The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Loans that are standard with days past due (DPD) not exceeding 30 days as on reporting period are categorized under Stage 1

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Loans that are standard with days past due (DPD) in the range of 31-90 days as on reporting period are categorized under Stage 2.

Stage 3: Loans considered credit impaired and crossed 90 DPD as on reporting period. The Group records an allowance for the LTECL.

The calculation of ECL

The Group calculates ECL to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

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Financial instruments - fair values and risk management (continued)

The key elements of the ECL are summarised below:

Portfolio Segmentation: For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending
4) Housing finance

PD: The probability of default ('PD') is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD for each portfolio segment is computed based on historical default rates.

EAD: The Exposure at Default ('EAD') is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD: The Loss Given Default ('LGD') is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. LGD is computed based on historical recovery rate and time taken for recovery."

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	6,67,409.42	1,34,214.10	36,515.99	8,38,139.51
Investments	-	-	-	-
Total	**6,67,409.42**	**1,34,214.10**	**36,515.99**	**8,38,139.51**

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	9,48,010.16	88,264.18	27,777.55	10,64,051.89
Investments	-	-	-	-
Total	**9,48,010.16**	**88,264.18**	**27,777.55**	**10,64,051.89**

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NOTE 32
financial instruments - fair values and risk management (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances and investment debt securities is as follows:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**9,48,010.16**	**88,264.18**	**27,777.55**	**10,64,051.89**	**6,03,761.68**	**4,466.24**	**9,432.14**	**6,17,660.06**
New assets originated or purchased	1,26,345.86	10,651.73	1,380.17	1,38,377.76	7,87,925.92	59,444.50	21,665.91	8,69,036.33
Assets derecognised or repaid (excluding write offs)	(2,96,271.27)	(13,717.63)	(4,562.24)	(3,14,551.14)	(4,13,241.79)	(1,378.08)	(7,359.46)	(4,21,979.33)
Transfers to stage 1	7,856.02	(5,944.93)	(1,911.09)	-	389.71	(389.71)	-	-
Transfers to stage 2	(78,012.73)	78,012.73	-	-	(27,549.64)	27,689.00	(139.36)	-
Transfers to stage 3	(9,104.19)	(19,948.94)	29,053.13	-	(3,167.34)	(1,417.13)	4,584.47	-
Amounts written off (net of recovery)	(31,414.43)	(3,103.04)	(15,221.53)	(49,739.00)	(108.38)	(150.64)	(406.15)	(665.17)
Gross carrying amount closing balance	**6,67,409.42**	**1,34,214.10**	**36,515.99**	**8,38,139.51**	**9,48,010.16**	**88,264.18**	**27,777.55**	**10,64,051.89**

Reconciliation of ECL balance is given below:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**10,050.71**	**6,326.47**	**11,307.83**	**27,685.01**	**4,379.78**	**206.58**	**3,463.85**	**8,050.21**
New assets originated or purchased	976.65	265.27	372.78	1,614.70	22,249.93	5,740.02	9,565.80	37,555.75
Assets derecognised or repaid (excluding write offs)	(1,204.12)	(965.54)	(1,479.83)	(3,649.49)	(17,264.37)	(47.02)	(2,239.53)	(19,550.92)
Changes to models and inputs used	789.82	(2,163.48)	(3,070.46)	(4,444.12)	767.62	(16.13)	(646.71)	104.78
Transfers to stage 1	1,160.58	(420.69)	(739.89)	-	16.62	(16.62)	-	-
Transfers to stage 2	(1,309.79)	1,695.13	(385.34)	-	(68.02)	106.86	(38.84)	-
Transfers to stage 3	(77.89)	(97.44)	175.33	-	(14.92)	(60.43)	75.35	-
Impact on year end ECL on exposures transferred between stages during the year	1,753.04	5,766.03	6,988.13	14,507.21	(15.13)	419.63	1,241.10	1,645.60
Amounts written off (net of recovery)	(61.40)	(226.29)	(5,584.44)	(5,872.13)	(0.80)	(6.42)	(113.19)	(120.41)
Management overlay allowance	-	-	-	28,104.08	-	-	-	
ECL allowance - closing balance	**12,077.60**	**10,179.46**	**7,584.11**	**57,945.26**	**10,050.71**	**6,326.47**	**11,307.83**	**27,685.01**

NOTES
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(Currency : Indian Rupees in Lakhs)

F. Impact of COVID-19 on Company's business and financial metrics (including expected credit loss and assumptions relating to goodwill impairment)

The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Government of India announced a strict nation-wide lockdown to contain the spread of the virus till May 3, 2020, which was further extended till June 8, 2020. This has led to significant disruptions and dislocations for individuals and businesses, impacting Group's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

The COVID-19 pandemic has led to a significant impact on Group's regular operations including lending and collection activities.

Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Group has extended/will be extending moratorium to its borrowers in accordance with its Board approved policy.

In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Group has recorded a management overlay allowance of approximately ₹ 28,104.08 lakhs as part of its Expected Credit Loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic based on the information available at this point in time. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various variables and assumptions, which could be different than that being estimated.

However, the full extent of impact of the pandemic on the Group's operations and financial metrics (including impact on impairment allowances for loan portfolio and the assumptions used in testing the impairment of the carrying value of goodwill) will depend on future developments including governmental and regulatory measures and the Group's responses thereto, which are highly uncertain at this time.

Further, the Group has assessed the impact of the Novel Coronavirus pandemic on its liquidity and ability to repay its obligations as and when they are due. With the gradual relaxation of lockdown rules, as well as resumption of commercial activities by borrowers in a majority of geographies in which the Group operates, management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, the Group has opened some of its branch offices in state of readiness with optimal workforce to deal with normal business operations, while continuing to comply with regulatory guidelines on businesses, social distancing, etc. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC, current status/outcomes of discussions with the Group's lenders to seek/extend moratorium and various other financial support from other banks, agencies and its parent entity, preferential allotment of shares in determining the Group's liquidity position over the next 12 months. The Group has received a capital infusion of Rs 1,22,500 lakhs on May 27, 2020 which substantially increases its liquidity position. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future.

G. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on

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business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the Group is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Group. Basis the liquidity position assessed under various stress scenarios; the Group reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilites as on balance sheet date have been provided below:

As on March 31, 2020

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,565.96	-	-	-	1,565.96
Debt securities	14,323.85	83,723.02	2,31,025.20	32,417.90	3,61,489.97
Borrowings (other than debt securities)	60,247.22	1,28,178.83	2,10,868.48	127.37	3,99,421.90
Other financial liabilities	22,747.50	-	-	-	22,747.50
Total	**98,884.53**	**2,11,901.85**	**4,41,893.68**	**32,545.27**	**7,85,225.33**

As on March 31, 2019

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,947.54	-	-	-	1,947.54
Debt securities	48,577.85	1,26,041.48	2,46,814.48	-	4,21,433.81
Borrowings (other than debt securities)	1,03,193.50	2,56,834.42	2,61,090.39	918.93	6,22,037.24
Other financial liabilities	19,993.09	-	-	-	19,993.09
Total	**1,73,711.98**	**3,82,875.90**	**5,07,904.87**	**918.93**	**10,65,411.68**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

NOTES
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(Currency : Indian Rupees in Lakhs)

I. **Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis. To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

NOTE 33

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

A. **Relationships –**

Holding Company

Indostar Capital (Mauritius)

Names of other related parties with whom the Group had transactions during the year:

Key Managerial Personnel

R. Sridhar - Executive Vice-Chairman & CEO

Shailesh Shirali - Wholetime Director (from June 26, 2019)

Bobby Parikh - Non-Executive Independent Director

Dinesh Kumar Mehrotra - Non-Executive Independent Director

Hemant Kaul - Non-Executive Independent Director

Naina Krishna Murthy - Non-Executive Independent Director

b) **Transactions with key management personnel :**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1) Short-term employee benefits	1,188.16	550.00
2) Commission and sitting fees to Non-Executive Independent Directors	31.56	75.86
3) Reimbursement of expenses	1.44	0.10
4) Dividend paid	6.74	3.17

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

The managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in excess of the limits provided in section 197 read with Schedule V to the Act by ₹ 827.89 lakhs. The Company proposes to obtain approval of the shareholders in a general meeting by way of special resolution.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 34
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Type of Services or service		
Syndication, advisory & other fees	5,151.90	6,168.37
Management fee	2.99	27.82
Total revenue from contracts with customers	**5,154.89**	**6,196.19**
Geographical markets		
India	5,154.89	6,196.19
Outside India	-	-
Total revenue from contracts with customers	**5,154.89**	**6,196.19**
Timing of revenue recognition		
Services transferred at a point in time	5,154.89	6,196.19
Services transferred over time	-	-
Total revenue from contracts with customers	**5,154.89**	**6,196.19**

Contract balances

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivable	-	53.10

NOTE 35
Contingent liabilities and Commitments

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent liabilities		
Corporate guarantee given by Company to banks	4,625.00	5,972.06
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	26.51	-
Loans sanctioned not yet disbursed	87,448.98	1,11,691.14

NOTE 36
Disclosures as required by Ind AS 116 'Leases'
(A) Lease liability movement

Particulars	As at March 31, 2020
Transition Adjustment	2,983.15
Add : Adjustment during the year	259.44
Add : Interest on lease liability	272.22
Less : Lease rental payments	(1,123.91)
	2,390.90

(B) Future lease cashflow for all leased assets

Particulars	As at March 31, 2020
Not later than one year	1,395.85
Later than one year but not later than five years	3,081.49
Later than five years	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

(C) Maturity analysis of lease liability

Particulars	As at March 31, 2020
Lease liability	
Less than 12 months	844.44
More than 12 months	1,546.46
	2,390.90

NOTE 37
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006
The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Principal and interest amount remaining unpaid	-	-
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

NOTE 38
Gratuity and other post-employment benefit plans:
The Group has an funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

		As at March 31, 2020	As at March 31, 2019
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	421.63	414.04
	Fair value of plan assets as at the end of the year	3.59	3.34
	Net asset / (liability) to be recognized in the balance sheet	**418.04**	**410.70**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

		As at March 31, 2020	As at March 31, 2019
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	414.04	97.60
	Current service cost	127.44	72.08
	Past service cost	-	-
	Interest cost	13.89	7.06
	Benefits paid	(68.85)	(7.08)
	Addition on account of business combination	-	226.00
	Actuarial (gain) / loss on obligation	(64.90)	18.39
	Projected benefit obligation at the end of the year	**421.63**	**414.04**
C.	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	3.34	3.09
	Return on plan assets	2.75	2.18
	Actuarial gain/(loss)	(2.50)	(1.93)
	Benefits paid	-	-
	Fair value of plan assets at the end of the year	**3.59**	**3.34**
D.	**Amount recognised in the statement of profit and loss**		
	Current service cost	127.44	72.08
	Past service cost and loss/(gain) on curtailments and settlement	-	-
	Net interest cost	11.14	4.89
	Expenses recognised in the statement of profit and loss	**138.58**	**76.97**
E.	**Amount recognised in other comprehensive income**		
	Actuarial (gains) / loss		
	- change in financial assumption	25.72	(1.52)
	- experience variation	(88.45)	19.91
	Return on plan assets, excluding amount recognised in net interest expense	(7.77)	1.93
		(70.50)	**20.32**
F.	**Assumptions used**		
	Discount rate	6.85%	7.60%
	Salary growth rate	6.00%	6.00%
	Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	404.03	440.56	180.77	195.85
Salary growth rate (0.5% movement)	436.79	406.89	193.53	182.72
Withdrawal rate (10% movement)	420.41	422.60	188.16	187.72

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 133.74 lakhs.
3. The average outstanding term of the obligations as at valuation date is 8.96 years.

NOTE 39
Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets less total liabilities

Particulars	As at March 31, 2020		As at March 31, 2019	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	100.3%	2,68,865.43	100.8%	3,02,989.39
Subsidiaries				
IndoStar Home Finance Private Limited	7.0%	18,646.33	5.7%	17,165.88
IndoStar Asset Advisory Private Limited	0.2%	459.62	0.1%	396.32
Minority Interest	0.0%	-	0.0%	-
Less: Inter-Company eliminations	-7.4%	(19,915.02)	-6.6%	(19,923.32)
Total	**100.0%**	**2,68,056.36**	**100.0%**	**3,00,628.27**

Share of Profit or Loss

Particulars	As at March 31, 2020		As at March 31, 2019	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	104.8%	(34,008.70)	106.0%	25,513.11
Subsidiaries				
IndoStar Home Finance Private Limited	-4.4%	1,419.73	-7.9%	(1,906.63)
IndoStar Asset Advisory Private Limited	-0.2%	63.30	1.3%	323.01
Minority Interest	0.0%	-	0.0%	-
Less: Inter-Company eliminations	-0.2%	62.95	0.6%	149.99
Total	**100.0%**	**(32,462.72)**	**100.00%**	**24,079.48**

NOTE 40
Employee stock option plans
The Group provides share-based employee benefits to the employees of the parent Company, or Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the Company, or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the year ended March 31, 2020, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements
As at March 31, 2020, the Group has the following share-based payment arrangements:

Share option plans (equity settled)
According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	July 30, 2012	May 09, 2016	October 17, 2016	April 28, 2017	December 15, 2017
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting Requirements	Vesting Criteria is specified for each Option Holder by the Nomination and Remuneration Committee ('NRC') at the time of grant of options.				
The Pricing Formula	Options can be exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of options: (i) Fair Market Value rounded to the nearest rupee; or (ii) Market Price rounded to the nearest rupee; or (iii) such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the shares.				
Maximum term of Options granted (years)	Options granted under the ESOP plans would vest not less than 1 (one) year and not more than 5 (five) years from the date of grant of options. Options shall be capable of being exercised within a period of 4 years from the date of vesting.				
Method of Settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	NA				
Method used for accounting of options	Fair Value Method				

II. Option Movement during the year ended March 31, 2020

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Options granted during the year	-	-	-	-	1,05,000
Options forfeited / lapsed during the year	-	10,000	10,000	84,500	83,000
Options exercised during the year	1,93,500	-	-	-	-
Number of options outstanding at the end of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Number of options exercisable at the end of the year	67,950	22,43,677	13,63,800	31,600	34,500
The weighted average market price of shares exercised during the year ended March 31, 2020	286.32	-	-	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

Option Movement during the year ended March 31, 2019

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	14,95,294	26,99,777	29,93,000	19,91,000	15,31,500
Options granted during the year	-	-	-	-	25,000
Options forfeited / lapsed during the year	1,25,200	1,45,000	2,35,500	1,62,000	1,20,500
Options exercised during the year	11,01,894	41,500	1,97,000	-	-
Number of options outstanding at the end of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Number of options exercisable at the end of the year	1,36,300	22,12,277	5,95,100	-	-
The weighted average market price of shares exercised during the year ended March 31, 2019	505	462	472	-	-

III. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on March 31, 2020	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Contractual Life (in years)	2.67	1.60	3.87	6.07	6.44

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	7.4%-8.0%	7.4%	7.4%	7.4%	7.4%
Weighted average expected life (in years)	1.81	2.45	4.09	6.00	6.39
Expected volatility	41.0% - 58.1%	41.0% - 44.0%	41.0% - 44.0%	41.0% - 43.0%	34.9% - 41.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0% - 0.5%
Weighted average exercise price (₹ per share)	199.07	240.22	267.24	349.80	430.05

V. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	March 31, 2020	March 31, 2019
Employee share based expense (₹)	1,714.08	1,046.25
Total ESOP reserve outstanding at the end of the period (₹)	8,472.33	6,697.71

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020

(Currency : Indian Rupees in Lakhs)

NOTE 41
Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on March 31, 2020			As on March 31, 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	16,835.17	-	**16,835.17**	1,08,404.90	-	**1,08,404.90**
Bank balances other than cash and cash equivalents	4	11,230.46	26,438.76	**37,669.22**	3,558.59	-	**3,558.59**
Trade Receivables	5	-	-	**-**	53.10	-	**53.10**
Loans	6	2,17,329.21	5,62,865.04	**7,80,194.25**	2,58,862.13	7,77,504.75	**10,36,366.88**
Investments	7	23,055.69	-	**23,055.69**	30,085.81	-	**30,085.81**
Other financial assets	8	31,632.28	1,424.39	**33,056.67**	683.16	4,344.35	**5,027.51**
Non-financial assets							
Current tax assets (net)	9	-	13,386.90	**13,386.90**	-	3,586.36	**3,586.36**
Deferred tax assets (net)	10	-	12,978.32	**12,978.32**	-	1,755.51	**1,755.51**
Property, plant and equipment	11	-	7,861.61	**7,861.61**	-	6,624.86	**6,624.86**
Assets held for sale	12	3,873.85	-	**3,873.85**	-	-	**-**
Goodwill	13	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	13	-	383.58	**383.58**	-	396.43	**396.43**
Other non-financial assets	14	4,427.28	-	**4,427.28**	3,520.31	616.44	**4,136.75**
TOTAL ASSETS		**3,08,383.94**	**6,55,357.29**	**9,63,741.23**	**4,05,168.00**	**8,24,847.39**	**12,30,015.39**

Particulars	Note	As on March 31, 2020			As on March 31, 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	15	1,109.83	-	**1,109.83**	1,947.54	-	**1,947.54**
Debt securities	16	56,871.66	1,52,075.48	**2,08,947.14**	1,56,432.23	2,05,438.60	**3,61,870.83**
Borrowings (other than debt securities)	17	1,88,475.31	2,70,554.45	**4,59,029.76**	3,17,808.84	2,26,493.19	**5,44,302.03**
Other financial liabilities	18	22,748.52	-	**22,748.52**	17,752.18	2,284.14	**20,036.32**
Non-financial liabilities							
Provisions	19	168.01	738.65	**906.66**	99.97	506.65	**606.62**
Other non-financial liabilities	20	1,396.48	1,546.47	**2,942.95**	623.76	-	**623.76**
TOTAL LIABILITIES		**2,70,769.81**	**4,24,915.05**	**6,95,684.86**	**4,94,664.52**	**4,34,722.58**	**9,29,387.10**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2020
(Currency : Indian Rupees in Lakhs)

NOTE 42
Business Combination
A. Brief of the Transaction:

The Company during the previous year had entered into an agreement with India Infoline Finance Limited (IIFL), an Non-Banking Financial Company for acquisition of specified assets and liabilities of commercial vehicle segment for a total purchase consideration of ₹ 2,41,473 lakhs which was completed on March 31, 2019. This acquisition enables the Company to almost double (go-to-market) infrastructure and provide a strong base for growth of the vehicle finance business.

B. Details of Assets acquired and liabilities assumed

Sr No	Particulars		Amount
Assets			
(i)	Loans (incl. Interest accrued) (net of ECL)		2,09,283.57
(ii)	Other assets		2,522.74
		(A)	**2,11,806.31**
Liabilities			
(i)	Other liabilities		352.00
		(B)	**352.00**
Net assets acquired (A)-(B)			**2,11,454.31**

C. Computation of Goodwill

Particulars	Amount
Transfer Consideration	
- Cash consideration	2,41,473.00
Net assets acquired (A)-(B)	2.11
Goodwill (Excess of net assets)	**2,41,470.89**

Entire recognised goodwill is tax-deductible under the current tax regulations.

D. Details for receivables acquired under the transaction

The details of receivables acquired under the transaction are as follows:

Particulars	Fair value	Gross Contractual Amount	Expected credit loss
Loans acquired	2,25,406.33	2,69,806.08	20,199.53

NOTE 43
Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per **Shrawan Jalan**
Partner
Membership No. 102102

Place: Mumbai
Date: June 17, 2020

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

FORM AOC-I

(PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

(Currency : Indian Rupees in Lakhs)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

1	Sl. No.	1	2
2	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
3	The date since when subsidiary was acquired	-	-
4	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2019 to March 31, 2020	April 1, 2019 to March 31, 2020
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR
6	Share capital	Authorised Capital: INR 10,00,000	Authorised Capital: INR 20,00,00,000
		Paid Up Capital: INR 100,000	Paid Up Capital: INR 20,00,00,000
7	Reserves & surplus	INR 4,58,68,519	INR (13,53,66,565)
8	Total Assets	INR 5,00,06,603	INR 7,93,50,50,280
9	Total Liabilities	INR 5,00,06,603	INR 7,93,50,50,280
10	Investments	Nil	Nil
11	Turnover	INR 1,85,35,612	INR 97,13,89,761
12	Profit before taxation	INR 84,59,015	INR 9,51,61,911
13	Provision for taxation	INR 34,45,899	NIL
14	Profit after taxation	INR 63,29,702	INR 14,19,72,621
15	Proposed Dividend	Nil	Nil
16	Extent of shareholding (in percentage)	100% by IndoStar Capital Finance Limited	100% by IndoStar Capital Finance Limited

Notes: There were no subsidiaries which have been liquidated or sold during the year.

By the Order of the Board of Directors
For **IndoStar Capital Finance Limited**

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2020

INDOSTAR
LIFE KA TAKE-OFF

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