INDOSTAR

LIFE KA TAKE-OFF

GOING STRONG. GROWING STRONG.

ANNUAL REPORT 2018-19

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Chairman
Mr. Dhanpal Jhaveri

Executive Vice-Chairman & CEO
Mr. R. Sridhar

Whole-Time Director
Mr. Shailesh Shirali
(Appointed with effect from June 26, 2019)

Non-Executive Directors
Mr. Sameer Sain
(Resigned with effect from June 26, 2019)
Mr. Alok Oberoi

Non-Executive Independent Directors
Mr. Bobby Parikh
Mr. Dinesh Kumar Mehrotra
Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER
Mr. Pankaj Thapar

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Jitendra Bhati

STATUTORY AUDITORS
S. R. Batliboi & Co. LLP

INTERNAL AUDITORS
KPMG

CIN: L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE
One Indiabulls Center,
20th Floor, Tower 2A,
Jupiter Mills Compound, Senapati Bapat Marg,
Mumbai – 400 013
Tel No.: +91 22 4315 7000
Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

DEBENTURE TRUSTEE
IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R Kamani Marg, Ballard Estate,
Mumbai - 400 001
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
AU Small Finance Bank Limited
Axis Bank Limited
Axis Mutual Fund
Bank of Baroda
Bank of India
Bank of Maharashtra
BNP Paribas Mutual Fund
BOI AXA Mutual Fund
Canara Bank
Catholic Syrian Bank
Corporation Bank
Credit Suisse Securities India Pvt Ltd
DCB Bank Limited
Dena Bank
DHFL Pramerica Mutual Fund
Doha Bank
DSP BlackRock Mutual Fund
ECL Finance Limited
Edelweiss Alpha Fund
Federal Bank Limited
Franklin Templeton Mutual Fund
HDFC Bank Limited
HDFC Limited
HDFC Mutual Fund
HSBC Mutual Fund
ICICI Bank Limited
ICICI Prudential Mutual Fund
IDBI Bank Limited
IDBI Mutual Fund
IDFC First Bank
IDFC Mutual Fund
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
JM Financial Mutual Fund
Karnataka Bank Limited
Karur Vysya Bank
Kotak Mahindra Bank Limited
Kotak Mahindra Life Insurance Company Limited
Kotak Mahindra Mutual Fund
L&T Mutual Fund
LIC Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
Oriental Bank of Commerce
PRINCIPAL Mutual Fund
Punjab National Bank
RBL Bank Limited
Reliance Mutual Fund
SBI Mutual Fund
Small Industrial Development Bank of India
South Indian Bank
State Bank of India
Sundaram Mutual Fund
Syndicate Bank
Tata Capital Financial Services Limited
Telangana State Co-operative Apex Bank Limited
UTI Mutual Fund
Vijaya Bank
Yes Bank Limited

INDOSTAR

CONTENTS

To learn more about IndoStar, please visit

www.indostarcapital.com

In recent years, the Indian financial services landscape has seen unprecedented transformation, with a sharper focus on financial inclusion, the adoption of new technologies, industry consolidation and regulatory oversight.

Despite turbulent conditions in the NBFC sector during FY2019, we remained undeterred in executing our plans, to become the "go-to" NBFC for both, retail and corporate lending. Particularly with respect to Commercial Vehicle (CV) Finance, Corporate Finance, SME Finance & Housing Finance.

With accelerating growth and a high-quality loan book in retail lending, propelled by the accretive acquisition of IIFL's CV Finance business, we have surpassed our retailisation targets much earlier than expected. By the end of FY2019, our retail loan book made up 61% of our total AUM.

As a result, we expect higher levels of operating leverage; benefits from more efficient economies of scale; and a rapid improvement in our net earnings. Furthermore, we expect the resultant additions to our physical distribution presence to cause a multiplier effect that will help us achieve a faster than anticipated pace of organic growth. With the smart utilisation of our capital strength, we hope to accelerate our ROE.

Our mission is to unshackle middle-India from limited financial choices and help fulfil their aspirations. The strategies we have implemented over the past year have helped us deliver more than expected, and more than promised.

At IndoStar, we are

GOING STRONG. GROWING STRONG.

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HOW WE CREATE VALUE

IndoStar is a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. It is a professionally managed and institutionally owned organisation, which is primarily engaged in providing CV Finance, Housing Finance, loans to small and medium enterprise (SME) borrowers and Corporate Finance.

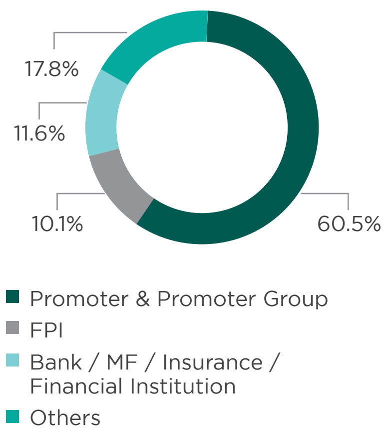
IndoStar got successfully listed on 21st May, 2018 on the Bombay Stock Exchange and the National Stock Exchange.

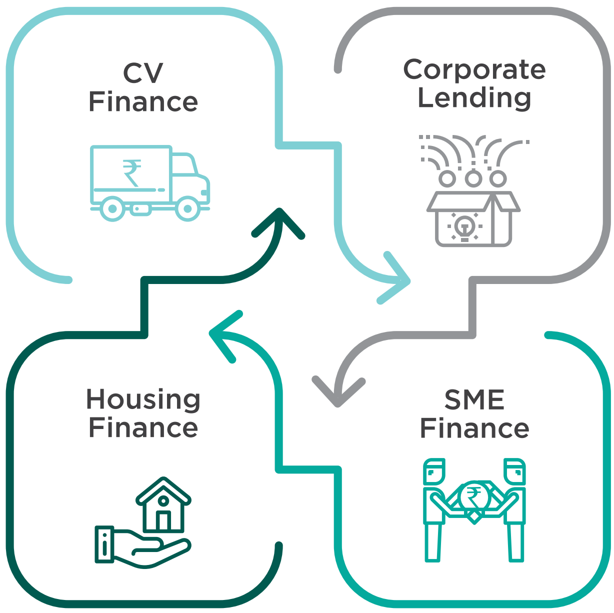
OUR BUSINESS OBJECTIVE

Our objective is to become a leading provider of financing and credit solutions for small and medium CV owners, growing corporates, emerging SME businesses and catering to the aspirations of of the growing consumer base of Middle-India through Housing Finance. We are committed to finding new ways to develop value-based and innovative financial solutions for our corporate and retail customers, and deliver greater value to our stakeholders.

Customer centricity is our "raison d'être". We are committed to delivering transformational growth in the lives of our customers, by offering them the best solutions that empowers them to realise their aspirations. We're here to be a catalyst in our customers' "LIFE KA TAKE-OFF".

INDOSTAR CAPITAL FINANCE SHAREHOLDING PATTERN AS ON 31st MARCH 2019



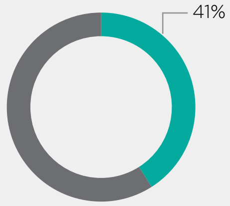
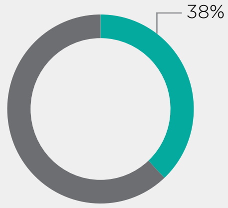
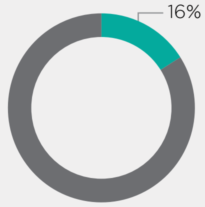
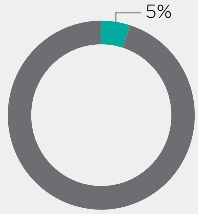


HOW WE MEASURE OUR PERFORMANCE

Customers Served **66,000+**	Highest Credit Rating **(A1+)** CRISIL	Employee Base **2,587** Including IIFL acquisition
Market Capitalisation **₹3,360 crore** as on 30st June 2019	Net Worth **₹3,006 crore**	Capital Adequacy Ratio **24%**
AUM **₹11,735 crore**	Disbursements **₹6,447 crore**	AUM Split **61% : 39%** retail corporate
NIM$ **7.6%**	Net NPA$ **0.5%**	Net Profit **₹241 crore**

$ Excluding IIFL CV portfolio

INDOSTAR'S 4 PILLARS, AT A GLANCE

	Pillar 1 CV Finance	Pillar 2 Corporate Lending	Pillar 3 Small Medium Enterprise (SME) Finance	Pillar 4 Housing Finance
% of AUM				
Strategy	Increase market share in the niche pre-used commercial vehicles business	Become a partner of choice for mid-market companies	Penetrate deeper and become preferred financier for SME businesses	Provide affordable home financing solutions to self-employed and salaried customers
Branches	305	1	10	55
AUM	₹ 4,776# crore	₹ 4,527 crore	₹ 1,885 crore	₹ 548 crore
Gross Disbursement	₹ 1,594 crore	₹ 3,394 crore	₹ 926 crore	₹ 534 crore
NNPA	0.3%$	0.0%	2.1%	0.1%

$ NNPA without IIFL CV Portfolio
\# Includes IIFL CV portfolio

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MESSAGE FROM THE EXECUTIVE VICE-CHAIRMAN & CEO

R. Sridhar
Executive Vice-Chairman & CEO

Dear Shareowners,

I am pleased to present to you our Annual Report for FY2019.

Looking back, FY2019 will be remembered for achievements that have propelled IndoStar into a new orbit of growth. The year began with our successful IPO, which helped us secure a strong liquidity war chest, ahead of implementing our retail growth strategy over the next few years. True to the commitment we made at the beginning of FY2019, we have systematically accomplished our 'retailisation' strategy. Despite the challenging liquidity scenario faced by the NBFC industry, we were able to achieve good growth in disbursements and AUM. With retail businesses scaling up well, our profitability improved even after the large upfront investments we made during the year to grow our retail businesses. Both our CV finance and housing finance businesses turned profitable in the fourth quarter, in line with our plans. Our portfolio quality continues to remain robust even though the industry is facing challenging conditions. On the capital front, we remain well capitalised and ideally placed to exploit growth opportunities in the future.

In addition to our strong organic growth, we successfully acquired the CV finance business of IIFL, which helped us double our distribution footprint to 322 branches, and achieve our FY2021 retail branch expansion target well ahead of time. By the end of the year, we were able to transform our business profile, with our retail business rising from under 30% of our AUM to 61%. This was made possible by the strong conviction and hard work of all our employees towards this journey. We also benefitted from the continued trust and support of our lending partners and the goodwill of our customers.

Going forward, we believe that our expanded national footprint gives us a strong platform to drive our CV finance business to the next level. We now have the strength and scale to compete with larger players in the industry. With the acquisition successfully consummated, our focus in FY2020 will be to achieve strong growth in disbursements across all four lending segments. We believe that our well capitalised balance sheet; low leverage; and access to both, on and off-balance sheet funding options from our lending partners; will help us meet our business growth targets comfortably.

NAVIGATING THROUGH A CHALLENGING YEAR

FY2019 initially started out on a great note for us. However, by September 2018, triggered by default of a leading entity, domestic liquidity conditions tightened sharply. This led to a sudden loss of appetite from banks in meeting the funding requirements of NBFCs in general. At IndoStar, we quickly adjusted to these conditions by managing our liquidity. We minimised our reliance on short term funding through Commercial Paper (CP) which went a long way in reducing investor concern about our business being stretched for liquidity in any way. Our healthy

In FY2019, we have systematically accomplished our 'retailisation' strategy. Despite the challenging liquidity scenario faced by the NBFC industry, we were able to achieve good growth in disbursements and AUM.

capitalisation, low leverage and comfortable liquidity position have helped us navigate this period of tightness well. We remained focused on the judicious allocation of our capital by directing it to high profitability and high potential businesses.

EXPANDING OUR BASE OF PEOPLE AND BRANCHES

During the year under review, we focused on broadening the base of our retail lending business, which includes CV Finance, SME Finance and Housing Finance. With determination and executional perseverance, we scaled our branch operations from 91 branches with 1,031 employees at 31st March 2018 to 161 branches with 1,411 employees at 31st March 2019. We also achieved high levels of productivity within our operations in a very short time frame. This infrastructure gave us the opportunity to achieve strong organic growth through the year.

While being on track to execute our organic growth strategy, we came across the opportunity of acquiring IIFL's CV Finance business, and successfully concluded the transaction on 31st March 2019. The IIFL acquisition came at a time when the market place was cautious and was following a wait-and-watch approach. IndoStar had the capability and confidence to take this decisive step to grow its retail business. This profit accretive acquisition accelerated the pace of our growth by doubling our branch network to 322 branches across 18 states, served by 2,587 employees as on 31st March 2019.

Assimilating an acquisition efficiently is crucial to derive the full benefits behind such a strategy. While absorbing IIFL's CV Finance business seamlessly into our fold, we are taking great care in integrating both our human capital and the working cultures of two companies. People are crucial to our success, and we have welcomed every new employee to IndoStar with warmth and respect and we are determined to work as a unified, highly energised and motivated team.

PERFORMANCE FOR FY2019

I am happy to share that your Company has performed well during the year under review. Our AUM for FY2019 grew by 94% year-on-year to ₹ 11,735 crore. The overall disbursements for the year grew by 20% year-on-year to ₹ 6,447 crore. Retail Lending businesses displayed robust growth in line with IndoStar's retailisation strategy. The AUM of the Retail Lending businesses grew by 343% year-on-year to ₹ 7,208 crore, accounting for 61% of the total AUM. Disbursements of the Retail Lending businesses grew by 112% year-on-year to ₹ 3,054 crore, accounting for 47% of the total disbursements.

Net Revenue from Operations grew by 39% year-on-year, on the back of 39% organic growth in AUM. Your Company did an excellent job in maintaining healthy net interest margin of 7.6%, despite a challenging liquidity environment. This helped us to comfortably absorb the investments, in terms of higher people costs and operating expenses that we made to expand our retail business.

MESSAGE FROM THE EXECUTIVE VICE-CHAIRMAN & CEO

As we step confidently into the future, your Company is well placed with significantly enhanced capabilities on multiple fronts. With an expanded pan India distribution footprint, that is double of where we were organically, we are strongly positioned to rapidly scale our retail business and reach out to a wider customer base.

During the year under review, the Company reported a consolidated Profit after Tax of ₹ 241 crore, up 20% compared to previous year. All our businesses are now profitable, with the CV Financing business and the Housing Finance business turning the corner in Q4 of the year. Along with improved profitability, we were able to maintain healthy asset quality with Gross and Net NPAs at 0.7% and 0.5% (excluding IIFL). Our ROA (excluding IIFL) for the year was 2.8% and ROE 8.8%.

Prudent liquidity management helped us to maintain comfortable cash buffers during the strained times since October 2018. We reduced our dependence on short term funding options like CPs and allocated our capital to higher yielding businesses. We also tapped off-balance sheet funding options in addition to getting greater accommodation from Banks to address our business needs. Lastly, we continue to enjoy strong capital adequacy which gives us enough headroom for future growth.

CV FINANCE BUSINESS REVIEW

I am pleased to inform you that, as a key focus business of the Company in the Retail Lending segment, the CV Finance business was able to turn profitable by the end of FY2019. From a very small base in FY2018, the CV Finance business disbursed ₹ 1,594 crore during the year, increasing the average monthly disbursement rate from ₹ 75 crore to ₹ 133 crore by the end of FY2019. We organically grew the number of branches from 75 to 144 by the end of the year. The CV Finance AUM stood at ₹ 1,463 crore, excluding the IIFL CV Finance business. The IIFL acquisition further helped us to grow our CV Finance branch network to 305, increased our CV Finance AUM by over three times to ₹ 4,776 crore and more than doubled our CV Finance origination capacity to ₹ 400 crore per month.

CORPORATE LENDING BUSINESS REVIEW

IndoStar's Corporate Lending business remains its strongest profitability driver and accounts for a lion's share of overall profitability. Our Corporate Lending AUM was at ₹ 4,527 crore versus ₹ 4,433 crore in FY2018. Disbursements during the year aggregated ₹ 3,394 crore versus ₹ 3,947 crore in FY2018, a contraction over the previous year attributable largely to our pursuit of conservatism. We maintained our excellent track record with strong asset quality and zero credit losses till date. At the end of FY2019 there were no NPAs in the Corporate Lending business.

SME FINANCE BUSINESS REVIEW

The SME Finance Business witnessed robust growth during the year, with an AUM of ₹ 1,885 crore, up 30% compared to FY2018. The share of SME Finance in the total AUM stood at 16%. We successfully completed assignment of SME loans worth ₹ 167 crore during the year. While we maintained the number of branches at 10 in 8 states, we continued to deepen our presence in existing markets. Profitability continued to improve as AUM growth and business scale led to positive operating leverage. Asset quality remained stable during the year.

HOUSING FINANCE BUSINESS REVIEW

The Housing Finance business also grew well this year, reaching an AUM of ₹ 548 crore; 5% of our total AUM. With stable growth in disbursements, the Housing Finance contributed ₹ 534 crore to our total disbursements. We grew the number of branches from 31 to 55 by the end of the year. The Housing Finance business also turned profitable

Net Revenue from Operations

₹642 crore

Up 39% YoY

Operating Profit

₹411 crore

Up 32% YoY

in Q4 of FY2019 in line with our plan. We successfully completed our first assignment transaction of ₹ 24 crore during the year. Asset quality remained strong with net NPA of 0.1%.

OUTLOOK

As we step confidently into the future, your Company is well placed with significantly enhanced capabilities on multiple fronts. With an expanded pan India distribution footprint, that is double of where we were organically, we are strongly positioned to rapidly scale our retail business and reach out to a wider customer base. We are currently in the process of integrating the IIFL acquisition and are very confident that growth synergies will start becoming visible during the latter part of the year.

While we remain cautious on the liquidity environment, our focus will be on judicious capital allocation with an emphasis on maximising our return on capital. CV Finance being our principal growth pillar, we aim to achieve a significantly larger disbursement volume. Corporate Lending, our second most critical pillar, will continue to selectively tap opportunities and we expect its contribution to overall profitability to remain strong as it has been over the past years.

We are already working on off-balance sheet funding, options such as co-origination, dedicated partnerships with Banks and of course, assignment and securitisation. Through use of these options we are optimistic that growth will not be constrained.

In FY2020 we will continue to deliver sustainable business growth and create long term value for our shareholders.

In closing, I would like to thank all our investors, bankers and lenders who have reposed trust in us and supported us in our journey. I am confident of maintaining your trust and look forward to a long-lasting relationship with all of you.

Warm regards,

R. SRIDHAR
Executive Vice Chairman & CEO

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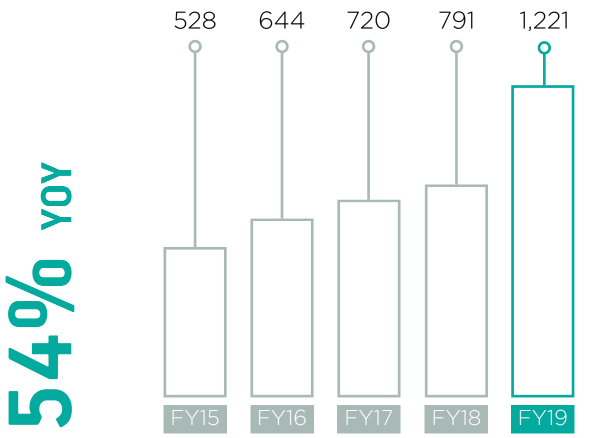
FINANCIAL HIGHLIGHTS OF FY2019

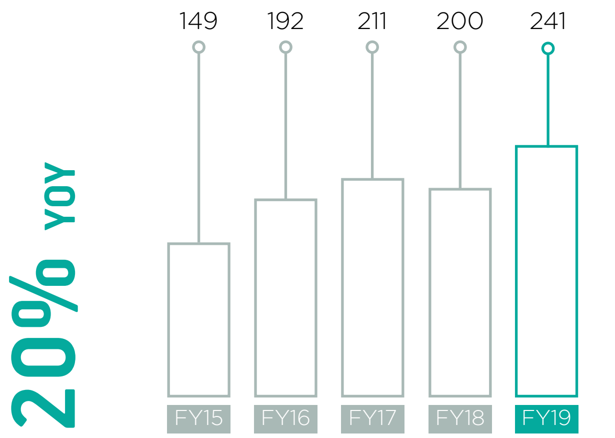
TOTAL INCOME

₹ crore



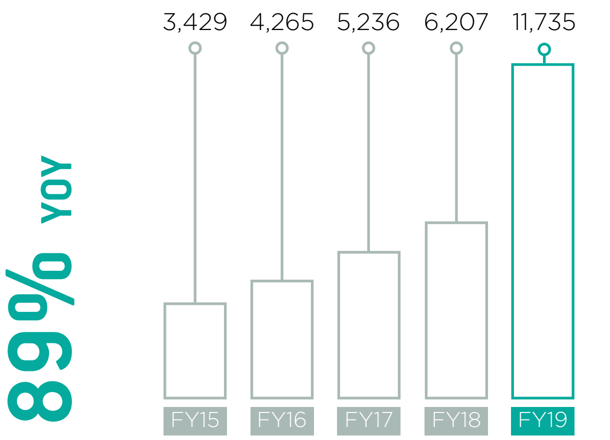
PROFIT AFTER TAX

₹ crore



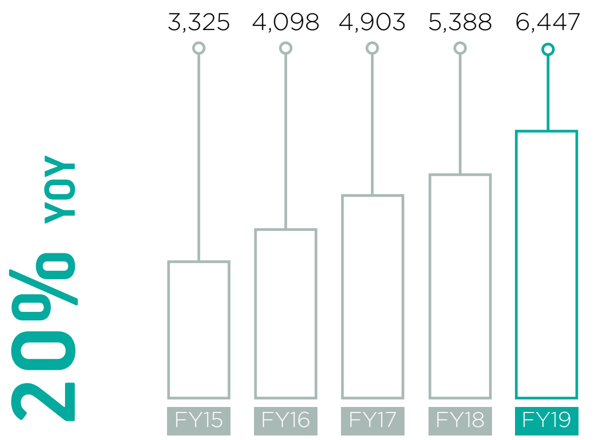
AUM

₹ crore



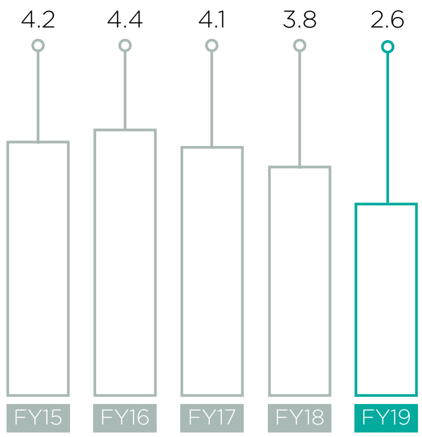
GROSS LOAN DISBURSEMENTS

₹ crore



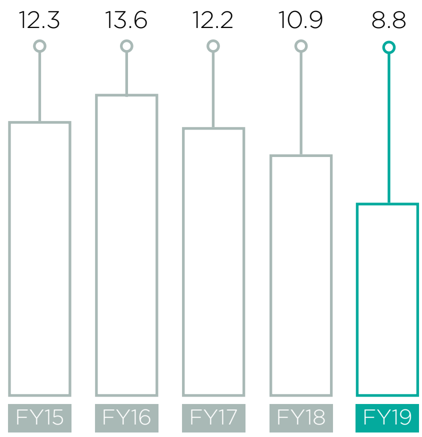
RoAA

%



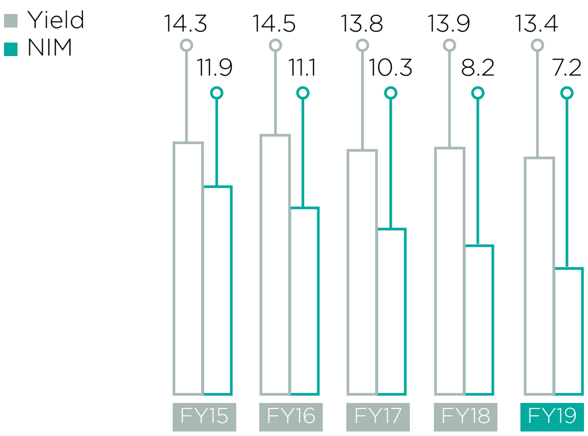
RoAE

%



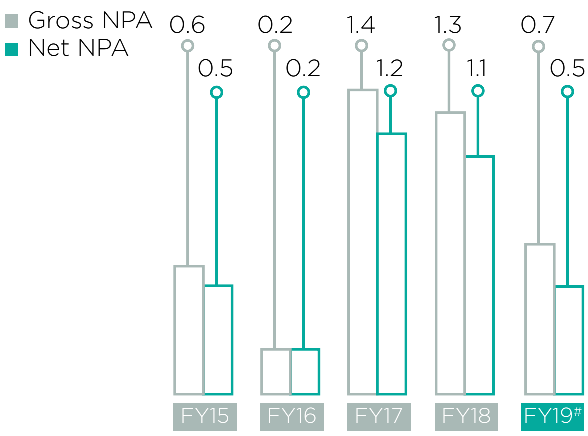
YIELD & NIM

%



GROSS & NET NPA

%



Excluding IIFL CV portfolio

We have successfully transformed from a corporate lender, to a predominantly retail NBFC.

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RETAILISATION STRATEGY, WELL ON COURSE IN FY2019

FY2019 marks a major milestone for IndoStar, in which we were able to transform our business profile, with our retail business rising from 27% of our AUM, to 61% by the end of the fiscal period.

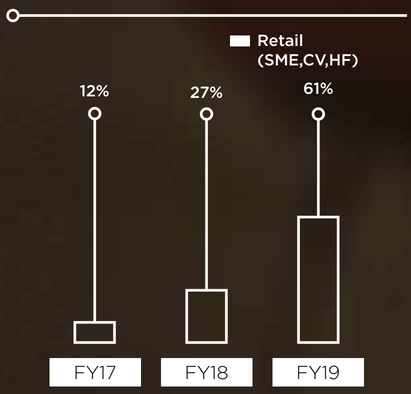
61%
of our AUM is Retail Loans

In our early years we focused on lending to the Corporate Sector. In FY2016, we took a conscious decision to become a diversified, retail focused NBFC. FY2019 was a landmark year in which we were able to expand our portfolio by building a strong position in retail lending. We prioritised on building a high-quality retail business and focused on broadening the base of our portfolio by expanding our exposure in CV Finance, SME Finance and Housing Finance. As a key enabler for this diversification, we established a strong platform, with industry veterans in key management positions, vast network with deep market reach to scale up our operations significantly.

Towards the end of the year, we concluded the acquisition of IIFL's CV Finance business, which significantly accelerated our retailisation journey. By the end of FY2019, retail loans constituted 61% of our total loan book, compared to just 27% at the start of the year. Of our total retail loan book, 55% came through organic means and 45% through inorganic.

We are on track in our journey to become a leading player in the high growth, CV financing space. The IIFL acquisition expanded our CV Finance AUM to ₹ 4,776 crore; our workforce base to 2,587 employees; and our branch strength to 322 across, spread across 18 states. With less than 500 customers in 2016, we now have more than 66,000 retail customers on our books. Going forward, this transformation will drive us towards becoming a major diversified lending powerhouse.

AUM: RETAIL (%)



Housing Finance:

IndoStar aims to provide affordable housing finance solutions to self-employed & salaried customers.

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Navigating through a challenging year for NBFCs in general, IndoStar displayed agility in managing its liquidity.

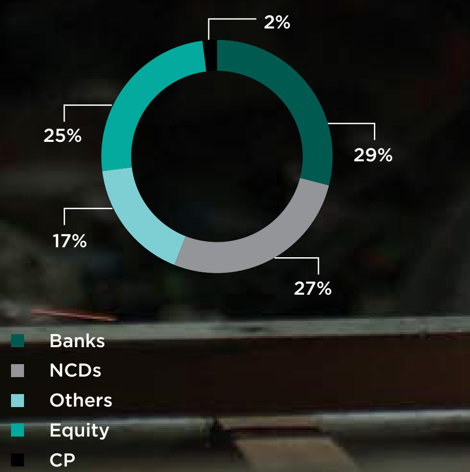
ACTIVE LIABILITY MANAGEMENT, DELIVERING CALIBRATED GROWTH

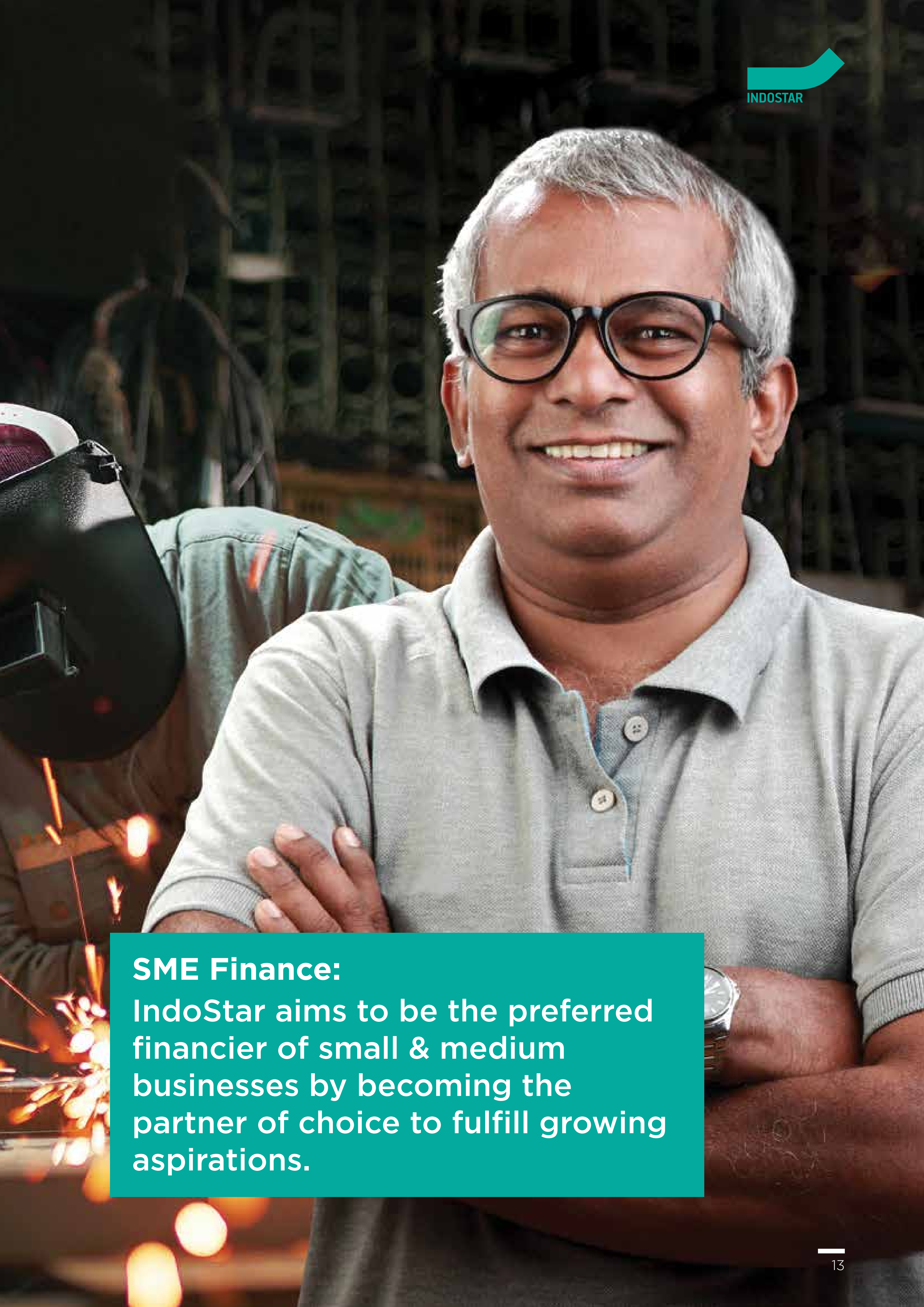
Throughout the fiscal year, we successfully withstood the liquidity challenges that the financial markets faced. Our healthy capitalisation, low leverage and comfortable liquidity position ensured that we were able to manage the liquidity squeeze felt by the industry.

In a time of liquidity constraints, we adopted multiple strategies to ensure stable business growth. We proactively used off-balance sheet funding strategies in the second half of the year by selling retail loans from CV Finance, SME Finance and Housing Finance to banks augmenting our liquidity and reducing capital consumption. We also continued to enjoy the benefits of large pre-payments from our corporate lending customers, which further helped strengthen our liquidity. Additionally, while calibrating our disbursement growth, we focused on giving preference to higher profitability segments of CV Financing and Corporate Lending.

In FY2020, we intend to continue to remain conservative in our ALM approach, always keeping liquidity buffers at healthy levels. Going forward, we expect off-balance sheet strategies to continue to play a key role in managing our AUM growth.

INDOSTAR BORROWING MIX FY2019





SME Finance:
IndoStar aims to be the preferred financier of small & medium businesses by becoming the partner of choice to fulfill growing aspirations.

With increased operating leverage and higher economies of scale, we are well placed to accomplish quality growth.

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ASSIMILATING AN ACQUISITION, POISED FOR FURTHER GROWTH

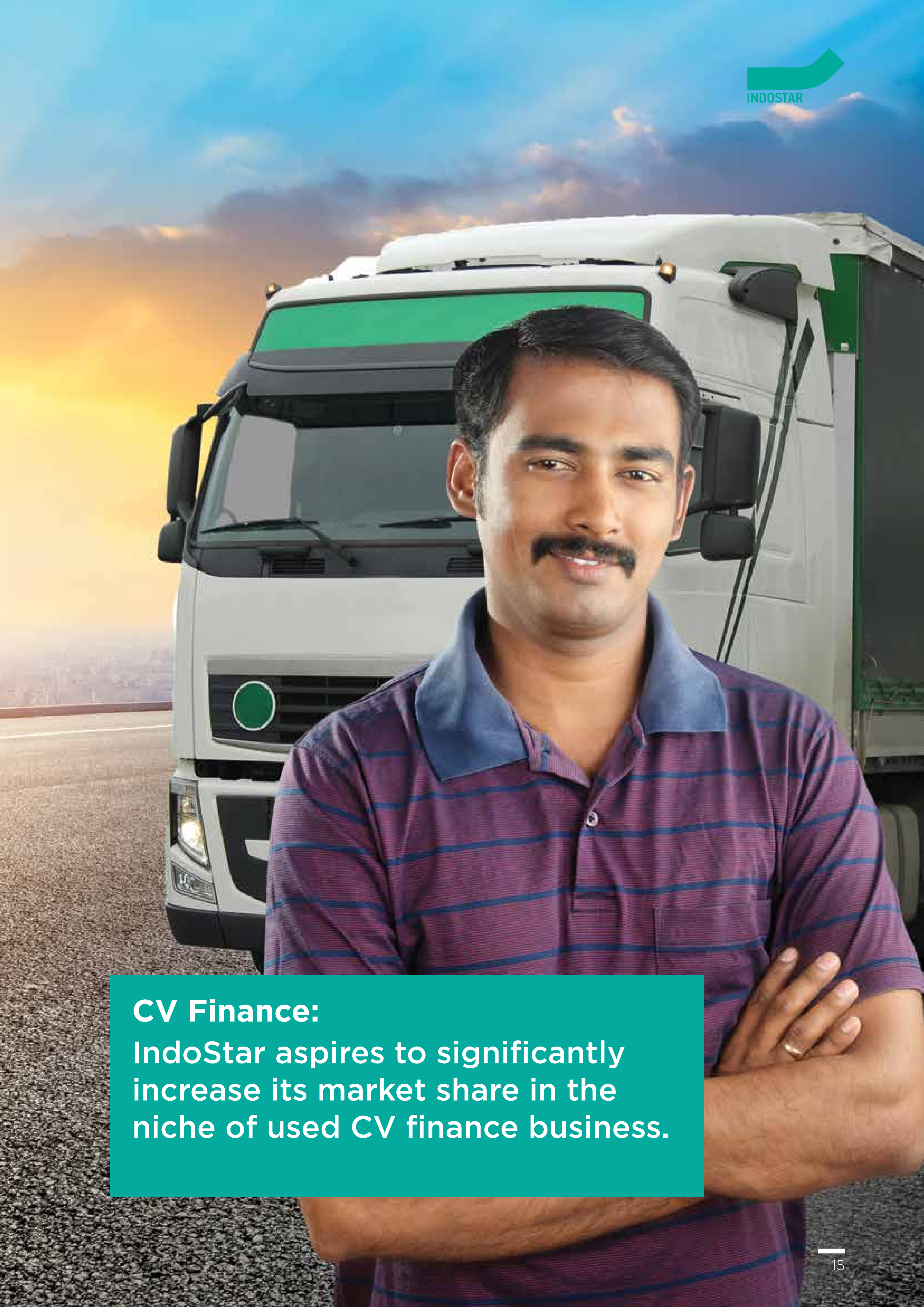
While absorbing IIFL's CV Finance business seamlessly into our fold, we are taking great care in integrating both our human capital and the working cultures of two companies. At the same time, we are consolidating our combined branch network across India. As we scale up, we intend to harness economies of size and reach.

322
Total no. of branches as on 31st March 2019

When the market was facing liquidity turmoil, IndoStar took a bold step of acquiring IIFL CV Finance Business. This acquisition has transformed IndoStar's retail lending business.

This profit accretive acquisition has doubled our branch size by doubling our branch network to 322 branches across 18 states, with 2,587 employees as on 31st March 2019. While we had a strong presence in South India, The IIFL acquisition brought in a strong presence in West and North India.

With an expanded pan India distribution footprint, we are strongly positioned to rapidly scale our retail business and reach out to a wider customer base. As an emerging NBFC, we are optimistic that growth synergies will start becoming visible during FY2020 itself.



CV Finance:
IndoStar aspires to significantly increase its market share in the niche of used CV finance business.

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CSR AT INDOSTAR

Corporate Social Responsibility at IndoStar involves the continuous commitment towards ethical behaviour and contribution to economic development, while improving the quality of life of the local community and society at large.

EDUCATION

AVASARA LEADERSHIP INSTITUTE

Through this initiative, IndoStar is providing a practical learning experience along with leadership lessons to young girls from underprivileged backgrounds. The Institute is designed to support the SSC curriculum taught in schools and enrich it with practical, interactive learning experience. It enriches the academic life of the girls, develops their leadership skills and boosts their self-confidence. Currently, they have 58 students benefiting from the program. The Institute focuses on educating girls so as to empower them and build their confidence. "Nazmeen Khan - 9th grader: Avasara Leadership Fellows has been a great life changer for me. It has had a great impact on me. It has taught me how to find a way in a river of problems. It taught me that every problem has a solution. We just need to think with a different perspective."

Our CSR initiatives focus on:

- Education
- Women Empowerment
- Environment, Sanitation & Water
- Health Care
- Humanitarian Relief

IndoStar Employees at Priyanj Event

PRATHAM

With an aim to provide full course primary and secondary education, Pratham in collaboration with IndoStar is working towards improving the learning outcomes of children from 3 to 14 years of age and above in 40 communities of Kurla, Mumbai. The programs are Balwadi, Parent Education, Learning Camp (for language and Mathematics), English Camps, Library, and Child protection.

PASSWORD

Password is a campaign is developed to inspire, activate & transform school children (5^{th} to 10^{th} grade) through knowledge, which helps them go beyond their syllabus and develop different skill sets. During the year, we witnessed 100% students participation in the essay / drawing competition. The activity was conducted for 3,000 students from 5^{th} to 10^{th} grade from three centres, Pune (1,000 students), Ahmadnagar (1,000 students) and Aurangabad (1,000 students). Activities were conducted in 3 schools in Pune, 6 schools in Ahmadnagar and 4 schools in Aurangabad.

PRIYANJ

IndoStar sponsored half-yearly education for 10 special students at Priyanj Special School (PSS), who are from economically weaker sections of the society. The sponsored students showed growth in academics, functional academics and behaviour modification. They also showed interest in Art and Music therapy along with an inclination towards extra-curricular activities which will help them calm and improve their behaviour.

WOMEN EMPOWERMENT

ANEW

ANEW is designed to help school dropouts, who have the ability, aptitude and dream, to take control of their lives, break gender stereotypes & become qualified drivers. 5 women have completed life skills training, and 3 women out of 5, have completed English speaking training as well. After the training, they all have started training with Maruti Driving School and one of the alumni have now become driving instructors while one has become the first woman ambulance driver in Chennai's Government Hospital.

SANMITRA

IndoStar supports the Project Nari Shakti which trains adolescent girls and women in and around Malvani Slums, with an aim to encourage employment amongst women and help them become independent. The program includes an economic empowerment seminar, basic training in computers and English coaching in addition to the specific training of their chosen skill.

"Allimunissa: From past 6 months, she concentrated on tailoring courses and wanted to save money for her marriage and also contribute towards her family. She has a stitching business and earns ₹6000 / month."

Population First – AMCHI Impact

Through this initiative, IndoStar promotes economic empowerment of women through the livelihood activity of vermi-composting. The seven villages chosen for this project were

CSR AT INDOSTAR

Umbhrai, Masavane, Shivner, Toranpada, Partoli, Shai, Kosla villages. A total of 44 women across the seven groups have been involved in this endeavour to gain economic sustainability. Of these, 7 groups are involved in construction of Vermi Compost and Vermi-wash units.

HEALTH CARE

CPAA

IndoStar has joined hands with Cancer Patients Aid Association (CPAA), which has been working in the field of cancer for the last 50 years, with the objective of alleviating the suffering of underprivileged cancer patients by providing total management of the disease, right from diagnosis to rehabilitation. Through the collaboration, we aim to support the project towards elimination of cervical cancer. During the first three months, we conducted community outreach, wherein schools were identified for the vaccination activity and communities were mapped for screening of women aged 30 years and above.

CHILD VISION FOUNDATION (CVF)

CVF empowers children, teachers, parents, NGO professionals and other care givers in multiple setting like schools, NGO set ups, institutions etc. with knowledge, skills and attitude to prevent instances of child sexual abuse and provide adequate support to children. IndoStar collaboration with CVF provides support to babies born with congenital heart diseases and who cannot afford surgeries. We have donated for 7 babies between 3 – 5 years of age for their urgent heart surgeries in Mumbai.

OTHER INITIATIVES

MUMBAI ROTI BANK

With an aim to bridge the gap between hunger and excess food, Mumbai Roti Bank, a food rescue organisation, supplies donated food to children from low income families, orphanages, destitute children and the elderly. IndoStar has joined hands with Mumbai Roti bank, as it believes in the project of providing surplus food to the needy. A few of the regular donation sites include Drona Foundation School, Jeevan Dhara, Jan Jagriti, Dongri Remand Home, Shahu Nagar, Sandhurst Road, Mankhurd. Overall they have served 4,50,000 meals in 2018 and reached over 10,00,000 meals in 2019. With the help our funds, they purchased a new vehicle, which is used to distribute food regularly.

IndoStar Employees at Shanmukhanandha Healthcare Centre

Through our CSR activities, we aim to connect with more NGOs over various states where we have our branches, with maximum employee participation, to support small NGOs who are in urgent need of corporate CSR funding.

INDOMENTOR PROGRAM

With an aim to connect with NGOs over capacity building, IndoStar will have management personnel as mentors. The IndoMentor will reach out to the NGOs and will impart knowledge and their strategic guidance to NGO leaders in the areas of management, finance, and expansion of operations. These interactions between dynamic individuals of the corporate and development worlds enables mutual learning that is invaluable to both parties.

GOING FORWARD

We propose to introduce employee volunteering hours for all employees, where every employee will dedicate a few hours towards volunteering projects in their city. Employees who dedicate most hours towards volunteering, which impacts social change, could be awarded at the end of the year with I-volunteer Award. This will ensure we touch lives directly through our employees. At the end of FY2020, our objective is to have more than 60% of our employees engage in some form of volunteering activities.

IndoStar Employees at PASSWORD Event

8

MANAGEMENT DISCUSSION & ANALYSIS

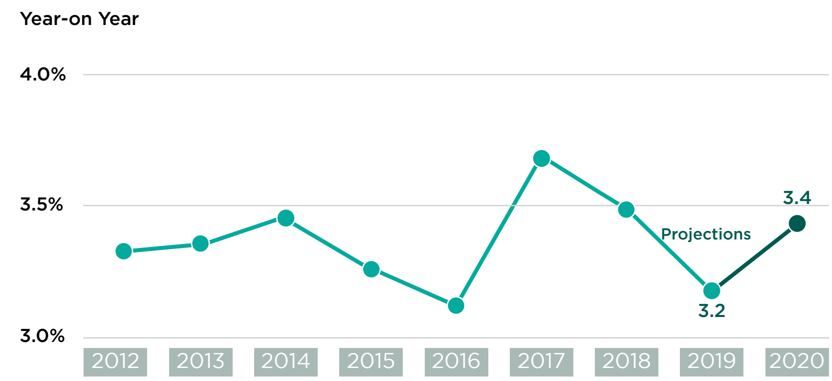
The global economy witnessed strong growth in 2017, and the momentum continued in 2018 with a growth rate of 3.6%. However, global economic growth is expected to ease moderately to 3.2% in 2019, before edging up to 3.4% in 2020, as per OECD[1].

GLOBAL ECONOMIC SCENARIO

The global economy witnessed strong growth in 2017, and the momentum continued in 2018 with a growth rate of 3.6%. However, global economic growth is expected to ease moderately to 3.2% in 2019, before edging up to 3.4% in 2020, as per OECD[1]. Persistent moderation in China, owing to financial tightening amidst rising shadow banking and local government debt, and trade conflicts with the US had a dampening effect on the overall emerging markets' and developing economies' performance.

The impact of these geopolitical uncertainties and this trade slowdown were notable across various advanced economies, causing a contraction in global trade volumes from approximately 5.5% in 2017 to 0.75% in the first quarter of 2019. This, along with the tightening of financial conditions and policy uncertainties cast a shadow on business and consumer sentiment. With weakening prospects for global demand, industrial production also decelerated, particularly for capital goods.

GLOBAL GROWTH HAS STABILISED BUT REMAINS WEAK...



Source: OECD (2019), OECD Economic Outlook, Volume 2019 Issue 1: Preliminary version, OECD Publishing, Paris, https://doi.org/10.1787/b2e897bo-en

According to the International Monetary Fund (IMF) World Economic Outlook 2019, consumer price inflation remained muted across advanced economies, given the drop in commodity prices.

For most advanced economies, core inflation remained well below central bank targets, despite the pickup in domestic demand over the past two years. For advanced market economies like the US and UK, CPI remained close to 2%. Amongst emerging market economies, core inflation remained below 2% in China as trade activity was comparatively moderate. In other cases, inflation pressures eased towards the lower bound of the central bank's target range, caused by falling commodity prices in Indonesia, and decelerating food inflation in India. For some economies, currency depreciation has caused higher domestic prices, partially offsetting the downward pressure from lower commodity prices. Given rising uncertainties, contained inflation, and weaker growth prospects

[1] OECD iLibrary - Editorial: A fragile global economy needs urgent cooperative action - 21st May 2019

At IndoStar, we are

GOING STRONG. GROWING STRONG.

amongst advanced economies, monetary policy stance remains accommodative.

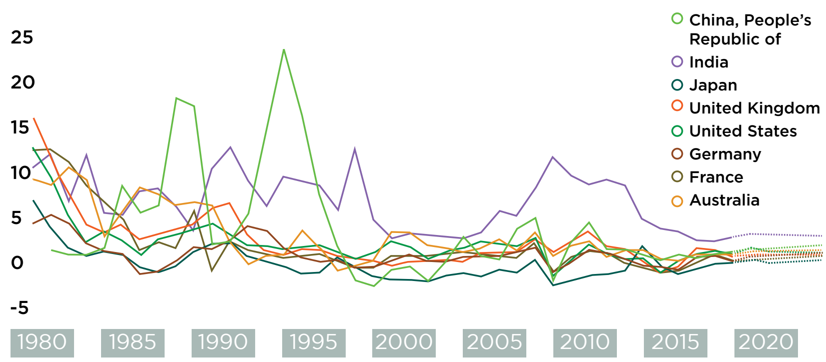
Although financial stress is expected to ease for most emerging-market economies, underlying vulnerabilities persist. Weak global trade, financial stability risks and significant adjustment challenges from the past, along with financial market tensions may continue to impede growth. However, the projected pickup in the second half of 2019 is predicated on an ongoing buildup of policy stimulus in China, improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area, and a gradual stabilisation of conditions in stressed emerging market economies. Improved momentum for emerging market and developing economies is projected to continue into 2020.

INDIAN ECONOMIC SCENARIO

After decreasing sharply from 8.2% in FY2017 to 7.1% in FY2018 and then to 6.8% in FY2019, India's GDP growth is expected to grow by 7.2% in FY2020[2].

IMF DATA MAPPER

Inflation rate, average consumer prices (Annual percent change)



©IMF, 2019, Source: World Economic Outlook (April 2019)

7.2% GDP Growth

RBI Projects 7.2% Growth in FY20

However, several factors are critical towards facilitating this growth. First, public spending in rural areas and an increase in the average disposable income of households are expected to augur well for an increase in private consumption. Second, credit flows are expected to improve and bolster economic activity as the level of nonperforming advances (NPAs) on banks' balance sheets declines and stressed assets see resolutions. Lastly, improving capacity utilisation, tailwinds from lower oil prices and benefits of any interest rate cuts are likely to support economic activity.

[2] Source - RBI, Survey of Professional Forecasters on Macroeconomic Indicators, 6th June 2019)

MANAGEMENT DISCUSSION & ANALYSIS

However, a few risks continue to persist. The slowdown in the global economy and the trade war rhetoric could continue to impact India's export growth prospects. Moreover, the lack of private participation in fuelling a new investment cycle shifts the burden completely to government spending, which has a lower multiplier for the overall economy.

Headline CPI inflation has declined sharply since mid-2018, driven by the sustained fall in food inflation, the waning away of the direct impact of house rent allowances for central government employees, and more recently, by a sharp fall in fuel inflation. Owing to that the average CPI inflation for FY2019 stood at 3.4% compared to 3.6% in FY2018[2].

To give a boost to the sagging economy, the RBI lowered its repo rate to a nearly nine-year low of 5.75% in June 2019, and changed its monetary policy stance to accommodative, leaving space for future rate cuts. This is the third reduction in the repo rate or the benchmark lending rate since February 2019 and is expected to bring down EMIs on home and auto loans and reduce the debt repayment burden on corporates. In all, the central bank has reduced the benchmark lending rate by 0.75% since February 2019.

The domestic financial market showed divergent movements in the first half of 2018-19. Money markets experienced liquidity swings while government securities and foreign exchange markets were impacted by global spillovers. In the credit market, bank lending gained traction amidst liquidity tightening seen in the debt markets.

India's Domestic Credit increased 12% year-on-year in March 2019, and reached US$ 2,235 billion. Money Supply in India increased 13.9% year-on-year in March 2019. India's Foreign Exchange Reserves were measured at US$ 391 billion in April 2019. The asset quality of scheduled commercial banks showed signs of improvement with the GNPA ratio declining from 11.5% in March 2018 to 10.8% in September 2018, and is projected to further decline to 10.3% in March 2019[3].

The Reserve Bank of India (RBI) announced multiple rate cuts as well as infused liquidity through open market operations to ease the liquidity stress witnessed in the markets since September 2018. RBI also initiated USD-INR swap auctions in March and April 2019, to further augment systemic liquidity. All these measures are expected to play a significant part in nudging the banking system to transmit the benefit of lower rates to borrowers.

The Indian economy successfully withstood the introduction of multiple big-ticket reform measures such as the recapitalisation of public sector banks; the adoption of a new GST (Goods and Services Tax) regime; and the introduction of the National Company Law Tribunal (NCLT) and Insolvency and Bankruptcy Code (IBC) for the effective and efficient resolution of NPAs. In addition to these initiatives, the Government of India also placed focus on expanding financial inclusion; affordable housing;

[3] Reserve Bank of India - Minutes of the Monetary Policy Committee Meeting October 3-5, 2018
[4] RBI, Financial Stability Report, Issue No. 18, December 2018

infrastructure investment; a clean and transparent government policy framework; and fiscal prudence. In terms of ease of doing business as assessed by the World Bank, India improved its overall ranking from the 100th position to the 77th position[4].

With the National Democratic Alliance (NDA) winning the May 2019 general elections, economists expect to see continuity in the implementation of macroeconomic policies over the next five years, creating a sense of stability in the Indian economy. The economic success of the new government will depend on how it faces challenges that are inhibiting India's current growth momentum, and its ability to brace the economy from unavoidable external challenges. With both demand and investment slowing, the government might have to re-evaluate the implementation of its policy agenda and adjust its priorities to accelerate growth in the near term. Despite challenges, the economic outlook for India remains positive for the second term of the Modi-led BJP government, with a GDP growth forecast averaging 7% per year during the 2019 to 2023 period.

India's Domestic Credit Growth in Mar 2019

12% YoY

India's Foreign Exchange

US$ **391** billion

as on April 2019

By targeting relatively underserved segments, through the employment of technology at all stages of operations, NBFCs continue to play an increasingly critical role in providing credit to sectors of the economy that need it the most.

INDUSTRY OVERVIEW

India continues to be one of the fastest growing major economies of the world, with an increasing need for growth capital. The country's banking and financial services sector is a significant driver for keeping India's economic growth engine humming.

THE IMPORTANCE OF NBFCS

Non-Banking Financial Companies (NBFCs) continue to play a critical role in the Indian economy. With their operational flexibility, faster turnaround time, willingness to address small ticket size borrowing requirements, proactive service standards and marketing network, they provide loans and financing solutions to borrowers not effectively serviced by banks.

NBFCs excel in providing last mile linkages that are vital for shrinking the informal money-lending segment. By providing access to financially excluded customers, they also facilitate financial inclusion and help in diversifying risks, increasing liquidity in the markets, and bringing efficiency to the financial sector.

By targeting relatively underserved segments, through the employment of technology at all stages of operations, NBFCs continue to play an increasingly critical role in providing credit to sectors of the economy that need it the most. NBFCs that have relatively strong governance and robust systems and processes in place, are poised to grow sustainably and further strengthen their presence as an integral part of the financial ecosystem.

Over the past few years, NBFCs have outpaced banks that have struggled with high NPAs and stretched balance sheets. Another reason for this outperformance is the niche customer centric service offered by NBFCs in specific loan segments, such as auto loans, gold loans, housing loans, and consumer durable loans. Within these niches, NBFCs have developed specialised expertise, allowing the development of deeper insights into the way these segments, geographies and markets work.

CHALLENGING LIQUIDITY CONDITIONS

FY2019 began on a positive note for the NBFC industry. Stable until June 2018, domestic liquidity conditions began to tighten sharply in Q2. Triggered by the sudden and

[5] Press Information Bureau - Government of India - India at 77 Rank in World Bank's Doing Business Report

MANAGEMENT DISCUSSION & ANALYSIS

unexpected default by a leading infrastructure financing company, the market experienced an increased tightness in the availability of funds combined with an across-the-board spike in credit risk premiums. Even though most asset financing companies had no exposure or direct linkages to this defaulting party or its group entities, the fear of a large group defaulting on its commitments triggered panic in the debt markets, leading to sudden loss of appetite for funding the NBFC sector.

By the end of September 2018, the liquidity environment had deteriorated significantly, as most industry participants began to find it difficult to garner sufficient liquidity to maintain their normal business requirements. Firms that had higher dependence on short term debt or commercial papers (CP) had to reorient their borrowing plans at short notice, and make arrangements from banks to prevent any defaults during the rollover of their maturing commercial papers. Furthermore, the sudden vacuum in the availability of liquidity meant that NBFCs had to realign their ALM profiles in a short period of time by increasing liquidity buffers; calibrating their pace of disbursements; and creating newer avenues of liquidity by using tools like securitisation and assignment.

The environment subsequently improved after RBI undertook liquidity infusion measures and convinced banks to continue funding NBFCs for their genuine credit requirements. Some NBFCs were able to proactively raise equity funding to tide over the prevailing uncertainty. However, the near-term dynamics around the broader financial markets remained challenging. It is expected that the tough environment may take some toll on the financial performance of NBFCs, as they emphasize on managing ALM challenges over pursuing growth for the near term.

The future outlook for NBFCs may be further impacted by the new liquidity framework norms proposed by the RBI in May 2019, to be implemented in the first half of FY2020. The proposed norms expect NBFCs to implement bank-like Liquidity Coverage Ratios; require the granular management of ALM; and introduce board-led liquidity policies and monitoring. If implemented, the need to hold liquid assets could lead to a small drag on margins. NBFCs with ALM gaps, lower ratings, and higher funding costs are expected to face more difficulty navigating these new norms than others.

In its monthly economic report for March 2019, the Finance Ministry stated that monetary policy has attempted to provide a fillip to the growth impulse through cuts in repo rate and easing of bank liquidity. The adverse impact of recent tightness in financial conditions for the NBFC sector provided headwinds for domestic growth momentum. Corporate and retail lending is expected to continue to offer substantial potential for growth, especially for products such as, auto loans, affordable housing loans, working capital loans for businesses and consumer durable loans. Retail lending is expected to contribute significantly to the overall growth in domestic consumption and momentum to the economy going forward.

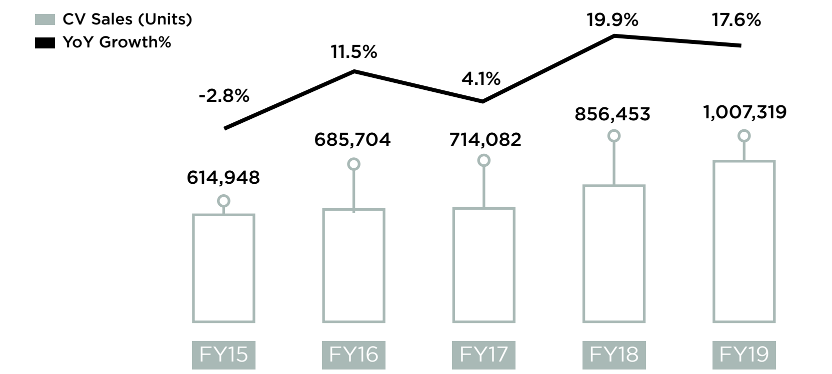
CORPORATE LENDING

Corporate Lending represents advancing loans to medium to 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 the corporate lending business are configured to provide loans with a need-based approach, while also accommodating for the appropriate risk-return appetite. Examples of products offered in this category include promoter funding; mezzanine funding; structured and acquisition financing; and real estate developer financing.

CV FINANCE

According to media reports and SIAM, CV sales crossed the 10 lakh mark for the 1st time in FY2019, where CV manufacturers dispatched 10,07,319 units compared to 8,56,916 units in FY2018, registering a robust growth of 17.6%. Within CVs, the Medium and Heavy Commercial Vehicle (M&HCV) segment grew by 14.6% year-on-year in FY2019, driven by a strong demand for tippers from the road, construction and mining sectors. The Light Commercial Vehicle (LCV) segment grew by 19.4% year-on-year in FY2019 due to strong demand by the consumption and logistics sectors.

CV DOMESTIC SALES (NUMBER OF VEHICLES)



Source: Domestic Sales Trends - SIAM - May 2019

CV sales have been on a rising trend over the past few years, and according to SIAM, the growth for new CV sales going forward is expected to remain in the range of 10-12% per year. The Government's willingness to invest in infrastructure has further bolstered the overall demand for commercial vehicles in India. A rise in demand for new CVs is also expected to gain momentum on the back of the government's proposed old vehicles scrappage policy, in which vehicles operating for more than 20 years are to be compulsorily scrapped. Growth in this segment represents an increasing opportunity for growth to the CV finance players.

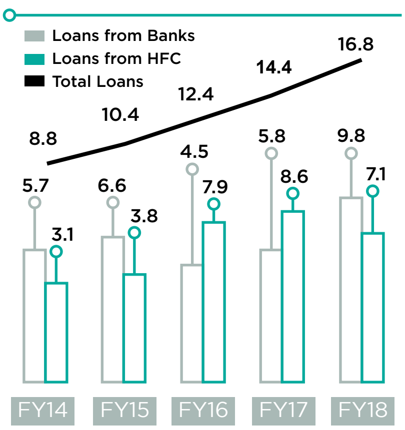
In addition to new CV financing, pre-owned or used CV financing has also become an important niche segment for NBFCs. Used CV financing requires the vehicles to undergo precise assessments to accurately determine their remaining life span and value. NBFCs in this segment leverage their core strengths in customer relationships, adaptability, local knowledge and innovation capabilities, to drive business growth and penetration in existing and new markets.

HOUSING FINANCE

The Indian housing finance market has grown rapidly, with mortgage lending contributing significantly to the growth in construction and demand for housing. Total housing credit in India stood at ₹ 16.8 lakh crore as on March 2018, out of which, ₹ 9.8 lakh crore was contributed by banks and the remaining by Housing Finance Companies. (Source: ICRA - Indian Mortgage Finance Market - March 2019)

MANAGEMENT DISCUSSION & ANALYSIS

HOUSING FINANCE MARKET (₹ Lakh Crore)



Source - ICRA Report

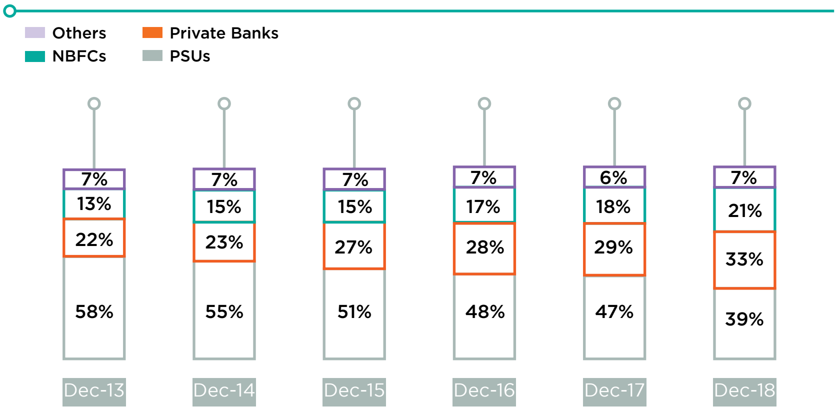
The housing segment has continued to receive substantial state support under the Government's "Housing for All" initiative, with incentives being provided to customers, developers and lenders. Under PMAY(U), the Indian Government has set a target to provide 1 crore houses in urban areas. According to reported government statistics, as on February 2019, the cumulative number of houses sanctioned under PMAY (U) was over 7.9 crore. Additionally, as on 31st March 2019, a total subsidy of over ₹ 12,000 crore has been released by the Government to help implement this scheme[5].

Over the last two years, private sector players—including large developers—have increased their participation in the affordable housing space, across all major cities in India. Since the launch of affordable housing initiatives by the Government, providing finance for affordable housing borrowers has proven to be a significant driving factor for the home loans segment.

SME FINANCE

Over the past few years, the Small and Medium Enterprises (SME) finance space within the NBFC industry has grown rapidly, capturing a significant market share. SMEs have shown preference to work with NBFCs as they provide faster turnaround times (TAT) and greater understanding and expertise in niche segments.

SHARE OF LENDERS IN MSME SEGMENT



Source: MSME Pulse, TransUnion CIBIL - April 2019

According to market data, loans to micro enterprises tend to have an average ticket size of up to ₹1 crore, while SME loans have ticket sizes of ₹1 to ₹25 crore. Over the years, the Micro, Small and Medium Enterprises (MSME) Finance segments have been substantial beneficiaries of support from the RBI and the Central Government.

During FY2019 in particular, the RBI and the Government introduced several key measures. To begin with, the RBI allowed the one-time restructuring of existing loans of up to ₹25 crore, for companies that have delayed on their payments, while continuing to classify them as standard assets. This relaxation has helped the MSMEs that faced short term challenges due to GST implementation and tight liquidity conditions.

In February 2019, the RBI announced that all loans to MSMEs will qualify to be classified under the priority sector lending (PSL) category. Earlier, only loans up to ₹10 crore per MSME borrower were qualified as PSL. Additionally, the 2019-20 Union Budget announced a meaningful reduction in the corporate tax rate from 30% to 25% for companies with revenues less than ₹400 crore. Earlier this was applicable only for companies with revenues up to ₹250 crore. The Government has also been supporting MSMEs with the MUDRA scheme, especially implemented for small enterprises who find it difficult to access regular bank funding.

[6] Source - News article - Hindu Business Line, 1st May 2019

India is considered to be the most dynamic emerging economy among the largest countries in the world. Its financing requirements have risen in sync with the economy's growth over the past decade.

COMPANY INFORMATION

INDOSTAR: A LEADING DIVERSIFIED NBFC

IndoStar is a Non-Banking Finance Company "NBFC", registered with the Reserve Bank of India as a systemically important non-deposit taking company. Promoted by the Everstone Group, IndoStar is a professionally managed and institutionally owned NBFC that is engaged in providing structured term financing solutions to corporates; used and new commercial vehicle financing for transporters; loans to SME borrowers; and affordable home finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited.

The Company commenced its business as a corporate lender and entered the SME finance space in FY2016, and the CV finance and affordable housing space in FY2018. Well positioned, on the back of a highly capable management team and a large branch network, IndoStar is primarily focusing on growing its retail asset book, driven by the CV Finance, SME Finance & Housing Finance.

IndoStar grew its AUM as on 31st March 2019, to ₹11,735 crore across more than 66,000 customers. Well capitalised with a net-worth of ₹3,006 crore, and a capital adequacy of 24.0% as

MANAGEMENT DISCUSSION & ANALYSIS

on 31st March 2019, the Company is comfortably placed to address growth opportunities in FY2020 and beyond.

Uniquely positioned, the Company is a multi-product NBFC with a portfolio that straddles opportunities in both retail and corporate lending. With Corporate Lending and CV Finance businesses as our primary growth engines, SME Finance and Housing Finance businesses provide strategic operating leverage.

Retail lending at IndoStar is orientated towards customers that are financially underserved. They are part of the large and growing segment of the population termed as "Middle India", that greatly aspire to improve their lifestyle and financial well-being. Loans given to this class of borrowers are designed to enable them to own assets and grow their businesses. IndoStar takes a highly process driven approach to ensuring that the quality of its growing loan book is maintained. The CV Finance, SME Finance and Housing Finance businesses make up the Company's chosen retail segments. While the Company underwrites loans with strong collateral in place, it places greater importance on evaluating the borrowers have good cash flow generating ability before approving loans to them.

RETAILISATION STRATEGY

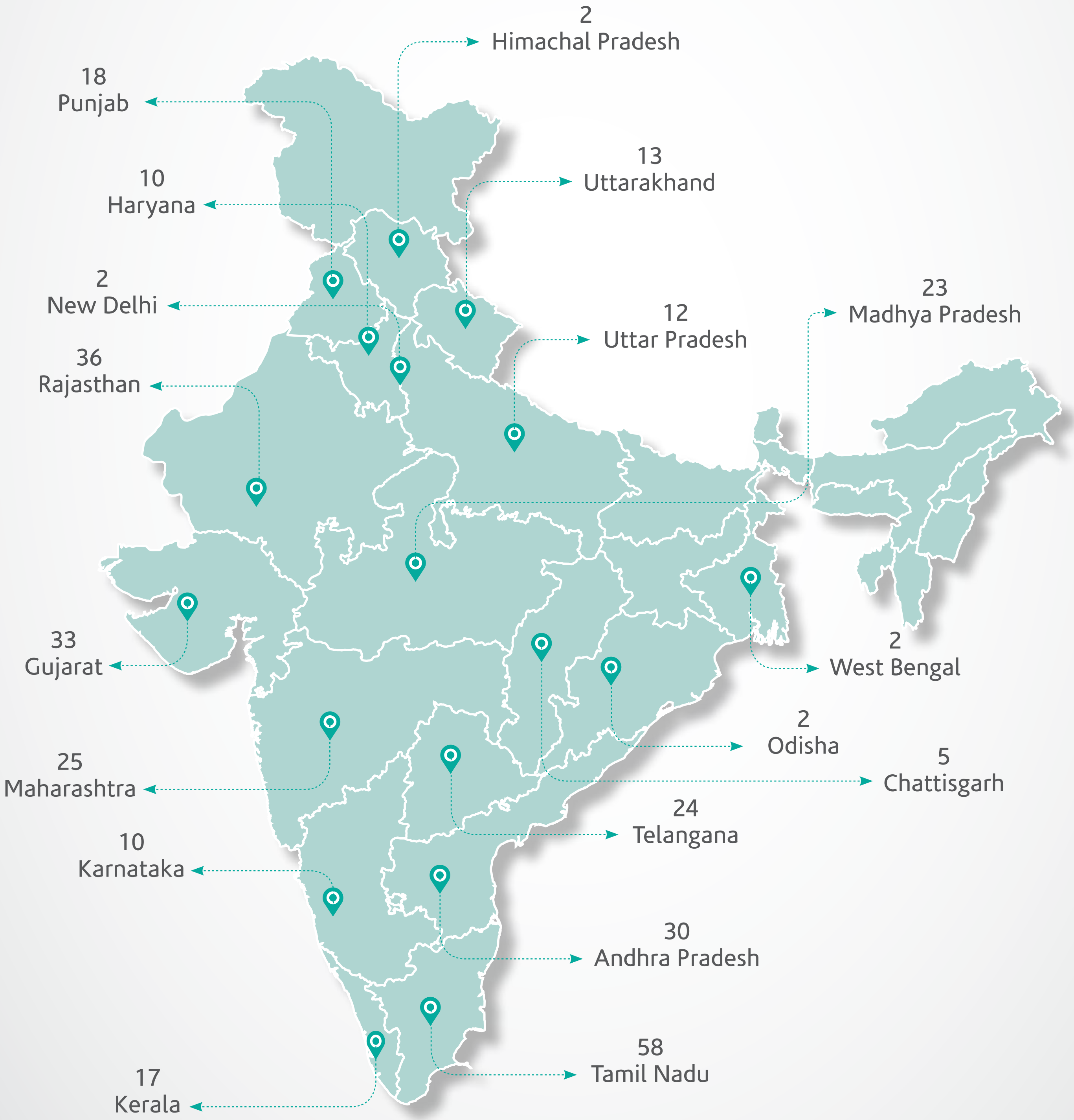
Commencing operations as an NBFC in 2011, IndoStar started out as a lender focused on the Corporate Sector. However, in 2016, the Company initiated its transformation to become a diversified, retail led and focused NBFC.

In line with this retailisation strategy, the Company made significant progress during FY2019 in broadening the base of its portfolio by expanding its exposure in retail lending, including CV Finance, SME Finance and Housing Finance. Under the leadership of a highly sector-specialised management team spearheading this strategy, IndoStar made significant progress in organically scaling up its operations.

While being well on target on organic growth plans, the acquisition of IIFL's CV Finance business at the end of the financial year gave the Company a strong boost to the growth plans of the Company. With this earnings accretive acquisition, the Company has accelerated its retailisation journey, achieving its FY2021 retail branch expansion target and pivoted its loan mix to predominantly retail oriented. By the end of FY2019, IndoStar's share of retail loans constituted 61% of its total loan book, compared to just 27% at the start of the year. IndoStar has successfully exceeded its retailisation goals for FY2019, and begins FY2020 with a solid platform to further grow its retail lending business book off a much larger go-to-market infrastructure.

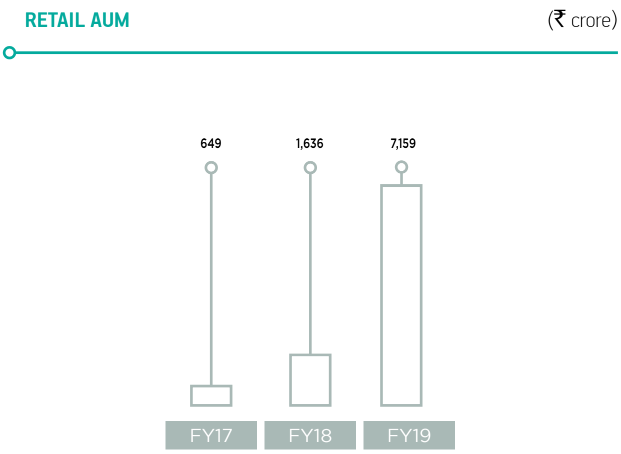
Quadrant	Number of Branches
North	57
South	139
East	9
West	117

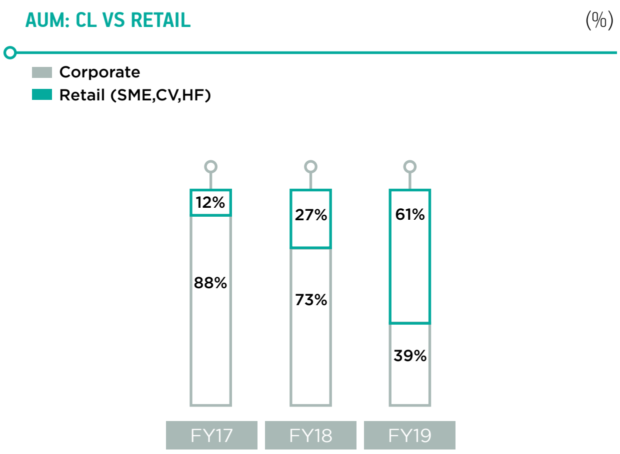
INDOSTAR'S NATIONAL FOOTPRINT WITH 322 BRANCHES ACROSS 18 STATES



MANAGEMENT DISCUSSION & ANALYSIS

SHARE OF RETAIL AUM INCREASED FROM 27% IN FY2018 TO 61% IN FY2019





THE FOUR PILLARS OF GROWTH

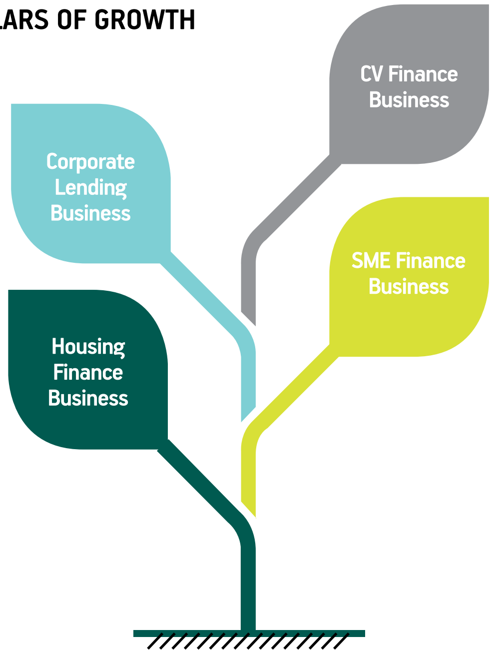
Going forward, IndoStar intends to continue to expand and scale its operations, primarily through the implementation of its four pillars strategy. The Company intends to operate each of its four business lines as independent profit centres.

CV FINANCE BUSINESS

INDOSTAR'S FOCUS ON USED VEHICLE FINANCING

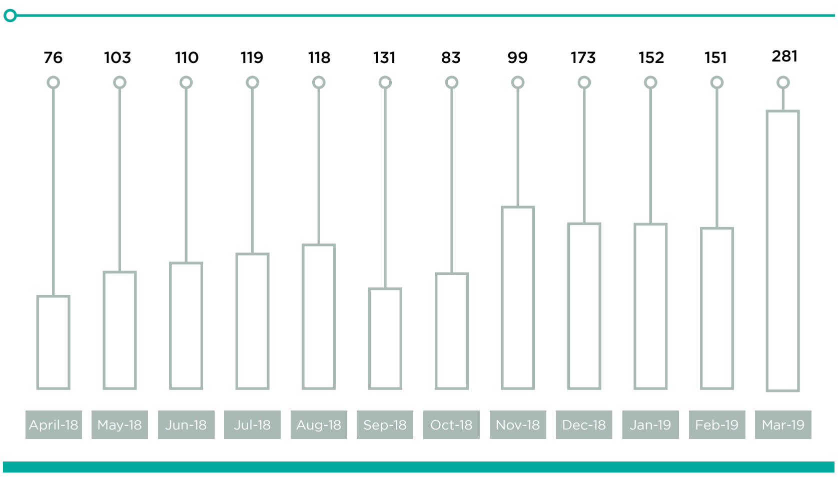
The pre-owned commercial vehicles segment has been the focus area for IndoStar's CV finance business. The key feature of this segment is that previously owned commercial vehicles are more affordable to buyers. As most of these buyers have limited banking habits and credit history for verification of creditworthiness, the risks associated with financing pre-owned truck financing are perceived to be very high. The market penetration of organised financing for pre-owned CVs is quite low, with a majority of the market being served by private financiers within the unorganised sector, and borrowers are subject to exorbitantly high interest rates. IndoStar's vision is to deepen its presence in this market as a 'go to' organised lender of choice to small road transport operators (SRTO) having a fleet size of 2 to 5 vehicles, and capture a significant proportion of this demand by appropriately factoring in the higher risks, while giving customers access to relatively cheaper credit.

THE FOUR PILLARS OF GROWTH



IndoStar is actively focused on the SRTO segment. IndoStar's senior management team possesses rich industry experience in serving these customers. The deep understanding of borrowers' profiles, and their credit behaviour over extended periods of time, will be the key differentiators for the long-term performance of the Company over its other competitors. Going forward, IndoStar expects its core engine for growth to be its CV Finance business.

CV FINANCE- MONTHLY DISBURSEMENT TREND (₹ crore)



PERFORMANCE SUMMARY

Over the last 16 months, since the start of business, IndoStar has achieved consistent growth in number of customers and disbursements, which moved up significantly from a low base of ₹76 crore in April 2018 to ₹131 crore in September 2018.

Disbursement momentum slowed down in Q3 as the Company adopted a policy of waiting out the tight liquidity in the market. Disbursements began to pick up momentum from Q4 and average monthly disbursements for FY19 were ₹133 crore.

For FY2019, the overall CV finance disbursements aggregated ₹1,594 crore. With a fast growing portfolio, stable lending yields and good asset quality, the CV finance business continued to realise the benefits of operating leverage. In line with the management's guidance of achieving break-even within 12 to 15 months of commencing the business's operations, the CV finance business turned profitable within Q4 of FY2019 itself.

IndoStar also successfully completed the acquisition of the CV finance business of IIFL on 31st March 2019. This acquisition more than doubled the Company's distribution strength to 322 branches from 161, managed by 2,052 employees, and spread across 18 states. The combined CV finance AUM moved up to ₹4,776 crore as on 31st March 2019, making up 41% of the AUM of the Company.

IIFL CV BUSINESS ACQUISITION: A PROFIT-ACCRETIVE TRANSACTION

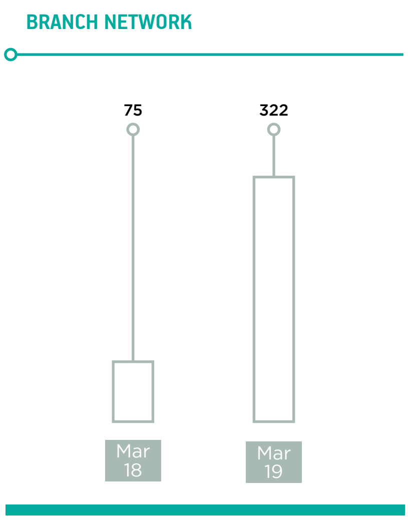
In line with its retailisation strategy, IndoStar successfully acquired the CV finance business of IIFL on 31st March 2019. This acquisition includes the entire IIFL's CV finance loans of ₹3,515 crore (comprising of ₹2,243 crore on-book loans and ₹1,272 crore off-book loans), 1,079 employees,

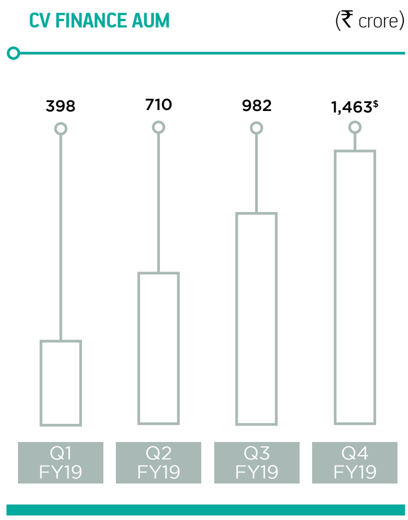
MANAGEMENT DISCUSSION & ANALYSIS

and 161 branches; along with its branch infrastructure, for a net purchase consideration of ₹2,415 crore. With this acquisition, the share of the Company's retail loan portfolio rapidly increased to 61% as on 31st March 2019, compared to 27% at the start of the year. This acquisition is truly transformational and moves IndoStar further ahead on its journey of becoming a leading player in the attractive, high growth CV financing space.

BENEFITS OF IIFL CV FINANCE BUSINESS ACQUISITION:

- Profit accretive from Day 1
- 3x increase in CV finance business loans
- 3x increase in monthly disbursement capacity to ₹400 crore
- Expands national footprint with 322 branches across 18 states
- Experienced manpower increasing to 2,052 people

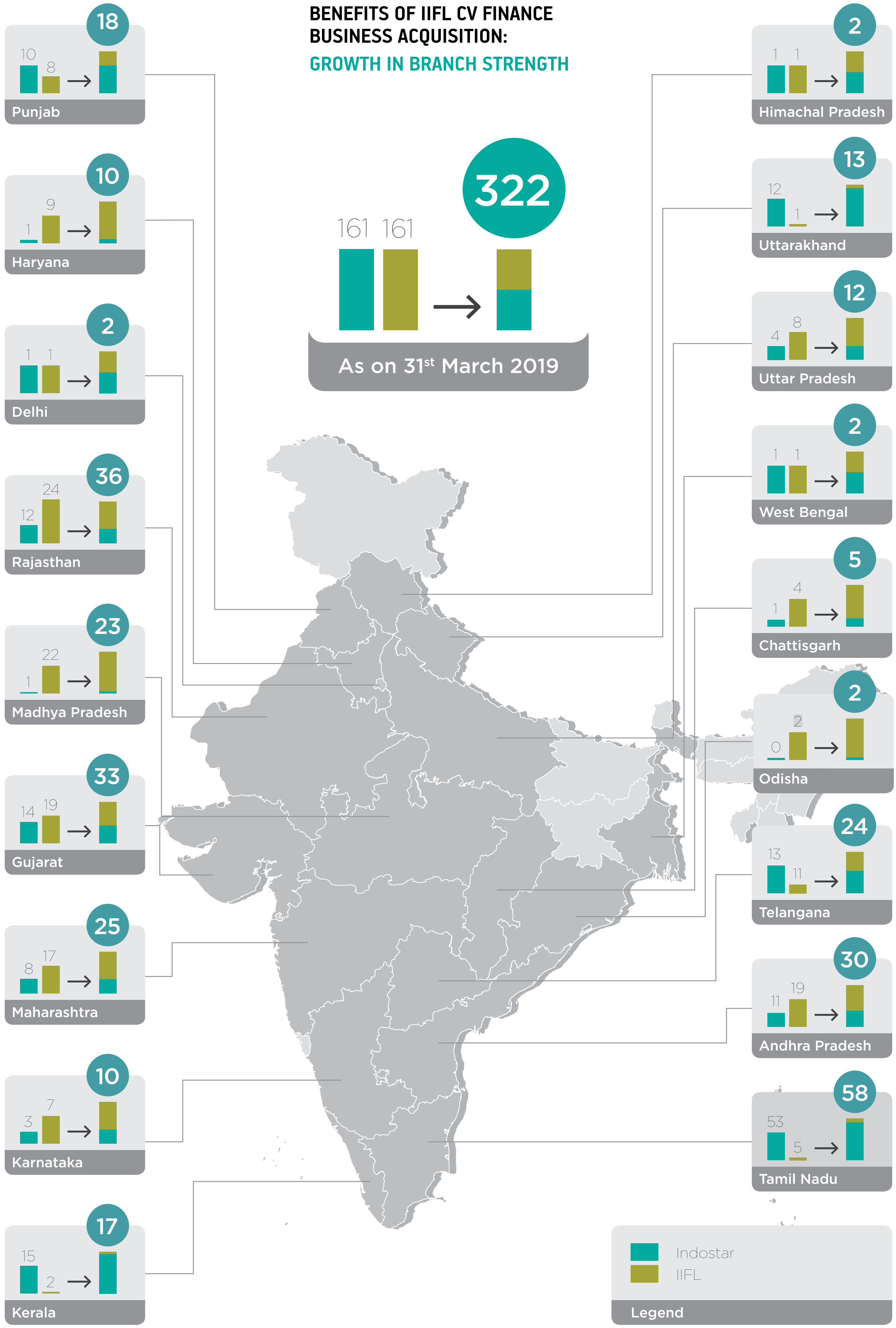




$ Q4 FY2019 AUM excluding IIFL acquisition

BENEFITS OF IIFL CV FINANCE BUSINESS ACQUISITION:

GROWTH IN BRANCH STRENGTH



MANAGEMENT DISCUSSION & ANALYSIS

HOUSING FINANCE BUSINESS

The Housing Finance business at IndoStar is undertaken by its 100% subsidiary IndoStar Home Finance Private Limited. In this business vertical, IndoStar plans to focus on self-employed and salaried individuals, by providing them with home loans for building or buying their first homes or for home improvements. There is a large category of such borrowers who are underserved in the market.

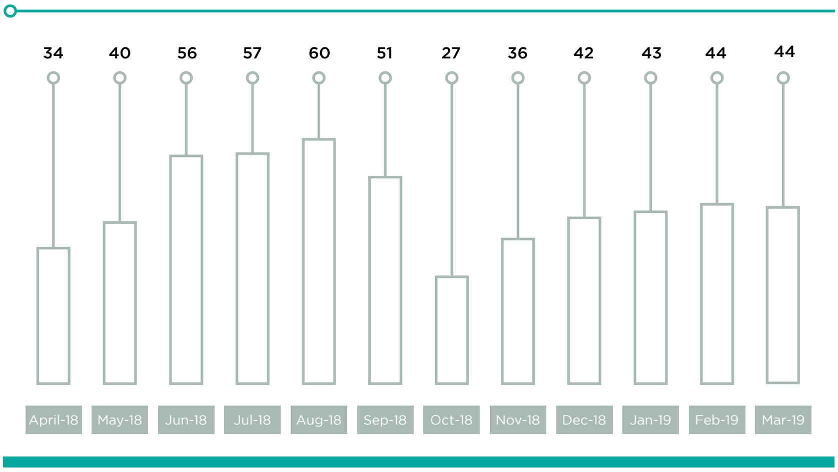
IndoStar's focus is placed on providing loans to the self-employed and salaried individuals, in smaller Tier II / Tier III cities, and the outskirts of urban markets. The Company has hired experienced personnel to grow the housing finance business and, wherever possible, it leverages the branch infrastructure of the CV finance business to optimise operating costs.

PERFORMANCE SUMMARY

As on 31st March 2019, the Company had 55 branches offering Home Finance products and 354 employees for its business. Disbursements displayed strong growth in FY2019 and now are averaging at ₹ 44 crore per month. On 31st March 2019, IndoStar's Home Finance's loans reached ₹548 crore, from a small base of ₹51 crore on 31st March 2018.

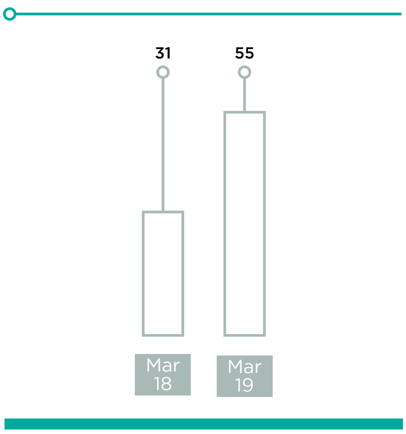
HOUSING FINANCE-MONTHLY DISBURSEMENT TREND

(₹ crore)



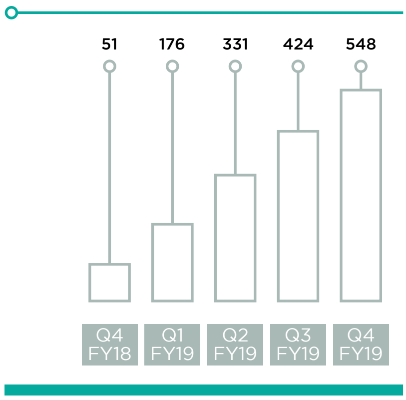
The share of Housing Finance to overall AUM stood at 4.7% at the end of FY2019. In line with the management guidance of achieving break-even in 12 to 15 months of business operations, the Home Finance business also turned profitable in Q4 FY2019. Asset quality continues to be excellent with Net NPA of 0.1%.

HOUSING FINANCE BRANCH NETWORK



HOUSING FINANCE AUM

(₹ crore)



SMALL MEDIUM ENTERPRISE (SME) FINANCE BUSINESS

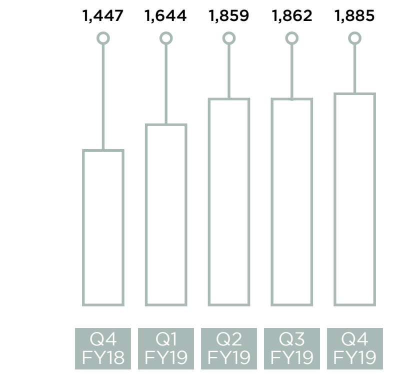
IndoStar forayed into SME Finance in FY2016 as the first step towards building its retail franchise. The SME Finance vertical operates from 10 branches with 16% of overall loan book coming from SME Finance. IndoStar sees a significant opportunity in aspirational and "entrepreneurial India", which is not adequately served in terms of customised financial solutions.

The Company's SME Finance is aimed at primarily lending to SME's for the growth and expansion of their businesses. All SME finance is secured against the collateral of a self-occupied residential or commercial property. The key focus customer in the SME space include traders, manufacturers, self-employed professionals and service businesses; with almost 40% of loans disbursed to customers who qualify under the PSL category.

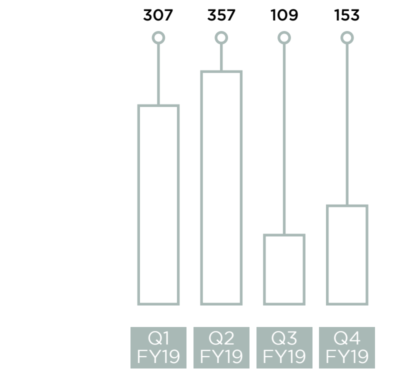
PERFORMANCE SUMMARY

SME Finance continued to accrue the benefits of scale in FY2019 as disbursements and number of loans grew on a broadly flattish cost base. While disbursements witnessed good traction in H1FY2019, they were restrained in the second half due to the tighter liquidity environment. That said, disbursements saw a marginal pickup in Q4FY2019. Total gross disbursement for the year stood at ₹ 926 crore. Overall, loans grew by 30% from ₹ 1,447 crore in FY2018, to ₹ 1,885 crore in FY2019. Net NPAs in FY2019 stood at 2.1%.

SME FINANCE AUM (₹ crore)



SME FINANCE- QUARTERLY DISBURSEMENT TREND (₹ crore)



CORPORATE LENDING BUSINESS

Corporate Lending was the first business segment started by IndoStar in 2011. Over the years IndoStar has built a reputation for being a differentiated lending player. In this business, the Company offers senior secured debt for developer financing, and structured lending to mid-large sized corporates across 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 structures giving the desired flexibility to manage the cash flows and long term growth prospects of these companies.

With a highly experienced and specialised management team at the helm, the Company follows a stringent credit appraisal process, which helps it to maintain a consistently high-quality loan book. The credit team vigilantly monitors the development of the financed project, to verify 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 the norms now prescribed under RERA. In all 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.

PERFORMANCE SUMMARY

FY2019 was yet another good year for the Corporate Lending vertical. While the overall AUM at the end of FY2019 was largely flat, owing to selldowns and prepayments, disbursements continued to be strong. Despite the general tightness in liquidity, IndoStar continued to receive pre-payments from its customers during the year. This is indicative of the Company's excellent credit selection and assessment processes.

At the end of FY2019, the real estate sector comprised 62% of Corporate Lending loans, with non-real estate making up the balance 38%. The Company believes that multiple opportunities to service

MANAGEMENT DISCUSSION & ANALYSIS

Total Disbursements for FY19

₹6,447 crore

Total AUM as on 31st Mar 2019

₹11,735 crore

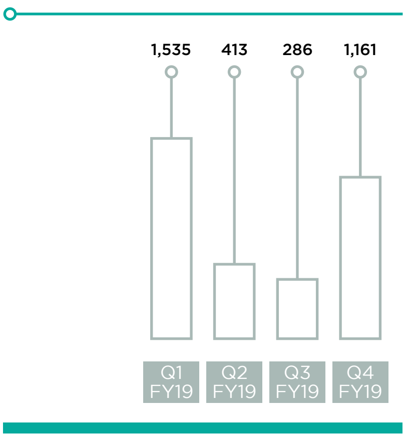
up 121% YoY

The efficient management of liabilities is vital for sustainable growth of NBFCs. At IndoStar, this aspect plays an important role in the Company's operations and overall strategy.

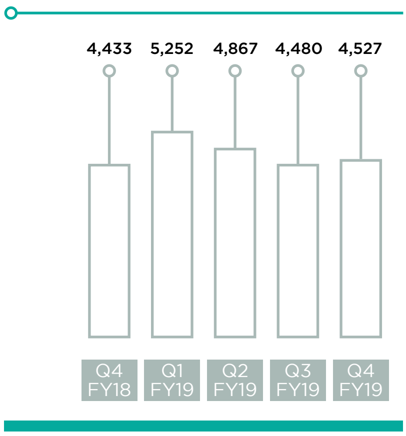
niche customer requirements continue to exist. However, in light of the current uncertainty relating to liquidity and the general credit environment, the Company continues to be selective in lending and would tap opportunities with existing relationships to grow this business in a calibrated manner.

A key point to note about the portfolio's performance is the fact that during FY2019 significant recoveries of erstwhile non-performing assets were affected. As at the end of the year, there were no NPAs in the corporate lending segment and the Company maintains a zero-credit loss record for the eighth year in succession.

GROSS DISBURSEMENT (₹ crore)



CORPORATE LENDING AUM (₹ crore)



LIABILITY MANAGEMENT

The efficient management of liabilities is vital for sustainable growth of NBFCs. At IndoStar, this aspect plays an important role in the Company's operations and overall strategy.

Throughout FY2019, IndoStar maintained a comfortable liquidity position, notwithstanding liquidity challenges that the financial markets faced. After the liquidity tightness in September 2018, since there was no certainty about when the funding market was expected to recover, the Company maintained higher liquidity buffers throughout the entire second half of the year. In line with this prudent strategy, IndoStar reduced its reliance on Commercial Paper (CP) funding.

IndoStar also proactively used off-balance sheet funding strategies in the second half of the year. In this process, pools of retail loans from SME Finance, Home Finance and CV Finance after the prescribed minimum holding period were sold down to banks, which in turn augmented IndoStar's liquidity-. Additionally, the Company calibrated its disbursement growth, and emphasised its focus on higher profitability segments of corporate lending and vehicle financing. IndoStar also continued to enjoy the benefits of large pre-payments from its corporate lending customers, which further helped strengthen its liquidity profile.

Going forward, in light of the prevailing uncertainty, IndoStar intends to continue to be conservative in its ALM, keeping liquidity buffers at healthy levels while using off-balance sheet strategies as well as calibrating growth as required.

FINANCIAL REVIEW

Particulars (₹ crore.)	FY19	FY18	YoY%
Revenue from Operations	1,221	791	54%
Interest Expenses	564	326	73%
Net Revenue from Operations	**657**	**465**	**41%**
People Cost	149	106	40%
Operating Expenses	97	48	102%
Pre-provision Operating Profit	**411**	**311**	**32%**
Profit Before Tax	**379**	**312**	**21%**
Profit After Tax	**241**	**200**	**20%**

Key Metrics	FY19	FY18
Yield	13.4%	13.9%
Cost of Borrowings	9.5%	9.2%
Spread[&]	3.9%	4.7%
NIM[&]	7.2%	8.2%
Cost to Income	37.5%	33.2%

[&] Without IIFL NIM (FY19) 7.6%; Spread (FY19) 4.6%

For the year under review, Net revenue from operations rose 41% YOY to ₹ 657 crore from ₹ 465 crore. Aggregate disbursements rose 20% YOY from ₹ 5,388 crore to ₹ 6,447 crore. Retail Finance disbursements grew 112 % YOY from ₹ 1,442 crore to ₹ 3,054 crore. Overall AUM increased by 94% to ₹ 11,735 crore from ₹ 6,060 crore from previous year. Retail Finance AUM stood at ₹7,208 crore at the end of the year up 343% from ₹ 1,627 crore at the beginning of the year.

Spread (excluding impact of IIFL assets added on the last day of the financial year) was nearly flat YOY and stood at 4.6% for FY2019. Cost to Income ratio for the full year stood at 37.5%. Gross and Net NPA (excluding IIFL) stood at 0.7% and 0.5% respectively.

PBT and PAT stood at ₹379 crore and ₹241 crore as against ₹312 crore and ₹ 200 crore last year, a YOY growth of 21% and 20% respectively. ROA and ROE for the full year stood at 2.6% and 8.8% respectively. Diluted EPS stood at ₹26.1 as against ₹23 previous year, registering a growth of 13%. Book value per share was ₹326, a growth of 23% compared to last year.

BUSINESS OUTLOOK

The management of IndoStar is optimistic about the growth outlook of its four business verticals. While each of Corporate Lending, CV Finance, SME Finance and Housing Finance are high growth segments, we expect growth to be led by CV Finance and Corporate Lending.

The Company's significant upfront investment in creating a national footprint should help it achieve its growth aspirations. With strong processes in place, the Company is confident of sustaining sound portfolio quality as it grows based on the Company's capability to understand the businesses of its borrowers.

The Company's business mix, with a growing retail component, provides an opportunity for driving both growth and profitability. A well-balanced business comprising Corporate Lending, which is expected to bolster profits; SME Finance and Home Finance to maximise its leverage; and CV Finance to maximise both profits and leverage.

With the acquisition of IIFL's CV Financing business at a time of uncertainty, IndoStar made a bold statement of its commitment and focus towards its business goals.

With adequate capital in hand, IndoStar expects to sustain healthy growth. The Company is well organised and structured to capitalise on the market opportunity, given its strong balance sheet; expanded pan India network of branches; a highly motivated workforce and an experienced leadership team at its helm.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has adequate internal control systems in place, commensurate with its size and the industry in which it operates. The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information, safeguarding of company assets, and efficient conduct of business. The framework endorses ethical values, good corporate governance and risk management practices.

The Company has also adopted an Internal Financial Control frame work in line with section 134(5)(e) of Companies Act, 2013 for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The effectiveness of internal financial controls is verified by an independent audit firm, which undertakes 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 engages the services of KPMG, a leading firm of Chartered Accountants, for checking the effectiveness of internal financial controls as well as to carry out an internal audit, covering all business verticals and functional areas. The internal audit function independently scrutinises critical audit areas based on audit plans that are reviewed and approved by the Audit Committee. These audit plans are formulated on the basis of a risk evaluation exercise, to determine the focus areas for review. Significant Internal Audit findings are periodically reviewed by the Management Committee and the Audit Committee and corrective action plans suggested by them are implemented by the process owner at the relevant business unit or functional area to continuously strengthen internal controls.

THREATS, RISKS & CONCERNS

1) Interest rate risk: The primary risk for all NBFCs arises from changes in the interest rate environment and how they deal with the same without impacting margins adversely. During FY2019, IndoStar recalibrated its lending rates across all its business segments in response to changes in incremental funding costs. As a prudent lender, IndoStar takes into account factors such as customer profile, competitive landscape and growth objectives while deciding on interest rate revisions. As such, Indostar will look to optimise its lending margins while staying mindful of other relevant aspects.

2) Asset Liability Management risk: IndoStar has always adopted a conservative philosophy of diversifying its sources of funding, thereby limiting over-dependence from any single source, and maintaining a liability profile in line with its asset maturity profile and of holding sufficient liquidity reserves to enable business growth as well as repayment of obligations. This approach has held the Company in good stead over the years and was particularly helpful in FY2019. As liquidity constraints impacted the NBFC sector in the second half of year under review, IndoStar was able to navigate through challenging external environment with a combination of calibrated business volumes, generating liquidity through assignment/securitisation and continuing to access funds from lenders. However, the Company continues to remain vigilant with sufficient liquidity reserves and by developing sustainable and innovative models for co-lending with partner banks, as the liquidity environment undergoes structural changes. Nevertheless, the Company needs to be constantly vigilant of market conditions and at times calibrate business growth to deal with sudden shocks to liquidity.

3) Credit risk: Maintaining high asset quality is the heart of any financing business. IndoStar has always focused on maintaining high asset quality standards across all its business segments. The Company has strong credit underwriting and appraisal processes which is supported by other credit monitoring and collections processes to ensure high 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 buildup in delinquency risks. Over the years, while the Company's credit quality has held up well, it continues to remain conservative in credit practices, alert in monitoring and focused on resolutions.

4) Growth outlook related risks: Another key risk or concern for any NBFC will be its growth outlook. NBFCs have the capability to deliver stronger growth as they are focused on niche lending segments and are more efficient in meeting customer needs. The Company contains this risk by being a well balanced and diversified NBFC, with a healthy split between corporate and retail lending, and also within retail - between CV Finance, SME Finance & Home Finance.

5) Operational risk: As IndoStar increases its number of branches conducting business with different business lines, administration of effective processes and operational controls becomes critical. The Company has put in place robust control and audit mechanisms to identify, manage and mitigate operational risks. With the acquisition of CV financing business of IIFL, IndoStar is focused on managing integration risks involving people, customer portfolio and technology.

INFORMATION TECHNOLOGY

IndoStar believes that technology is a key enabler to its business strategy. The Company continues to make prudent investments in technology to enhance customer experience, improve operational efficiency and support business growth and expansion. The technology efforts of the Company are driven by a robust technology strategy and roadmap which has been developed in alignment with the Company's vision of providing a collaborative business environment among the front-end teams, back-end teams, customers and business partners and making transaction processing and sharing of information easy, secure and frictionless.

The primary focus so far has been on implementing lending systems catering to various businesses by streamlining processes across functions. Further, the Company has implemented various digital initiatives leveraging mobility and cloud technology like mobile based collection app; treasury system to effectively manage all aspects of treasury operations; multi-bureau system integration to improve credit decisioning; and learning management system enabling learning efficiency and productivity of employees. The Company has adopted IT policies & procedures framework in line with RBI requirements. It has setup disaster recovery (DR) IT infrastructure and successfully conducted business continuity planning (BCP) drills.

The Company continues to strengthen information security. For this, the Company has implemented next generation firewall across all branches and offices. An enterprise class web content filtering solution has been implemented across the organisation, which provides real time threat protection.

Going forward, the emphasis is to integrate the recently acquired IIFL CV Finance portfolio, branches and people with IndoStar's system. Further a number of digital and mobility initiatives have been planned to effectively enable business growth and profitability. The Company intends to implement mobile app for sales, Contact Centre and a CRM for improved customer service. It also plans to build a business analytics platform for improved analysis and data-driven decision making. Additionally, it has plans to further improve the security by implementing various security solutions to augment the digital footprint expansion and ensure confidentiality, integrity and availability of information and information systems.

HUMAN RESOURCES

FY2018 was marked by exponential growth in IndoStar's employee base, business and geographical footprint. It was a year in which the Company focused on getting its basics right and excelled in areas of HR delivery, thereby ensuring that employees were able to benefit from a great employment experience.

Consequently, FY2019 saw IndoStar building on the strengths of last year, allowing HR at IndoStar to transform into a more evolved role. While key HR processes such as recruitment, on-boarding, training and performance management remained the

MANAGEMENT DISCUSSION & ANALYSIS

cornerstone of HR delivery, the Company was able to roll-out many initiatives that have helped it to establish itself as a strong employer brand in the industry. The "National Best Employer Brand 2018", awarded by Employer Branding Institute – India, reinforced IndoStar's position in the market as an Employer of Choice.

Total employee count

2,587

as on 31st March 2019

Today, IndoStar is a young company, with an average employee age of 33 years, and with an average employee experience of approximately 9 years.

For the year ended on 31st March 2019, the headcount of employees increased by 414 employees, with the total count for FY2019 standing at 1,508 employees. After acquisition of CV portfolio from IIFL, total employee count now stands at 2,587. Today, IndoStar is a young company, with an average employee age of 33 years, and with an average employee experience of approximately 9 years.

The Company's three-fold objective for attracting, developing and retaining key talent was achieved through a series of initiatives launched during the year:

TRAINING AND DEVELOPMENT INITIATIVE "LEARN2GROW"

The Company launched a formal training and development programme, which focused on:

- Imparting training and developing interventions, to improve employee productivity
- Assessing and developing competencies, to help employees grow to the next level
- Creating a culture of learning in the organisation

The initiative derived on the 'Core Competencies' has training programs targeted at various categories of employees (such as frontline roles, managerial and leadership roles) and also covers Statutory, Functional and Behavioural trainings.

INDO-LEARN: ONLINE TRAINING COACH

During the year, IndoStar made significant strides in automating its HR processes. The Company successfully launched the Learning Management System (LMS) portal. Through this channel, it rolled out multiple mandatory training courses, new HR policies and a revamped induction policy.

E2 @ INDOSTAR: EMPLOYEE ENGAGEMENT

A significant role that HR plays is in the area of employee engagement. At IndoStar, the Company believe in innovation, motivation and productivity, in all that it does. The Company has done the same in its engagement interventions and introduced "E2 @ IndoStar" for its employees. Keeping in mind a holistic engagement experience, the interventions span - fun at work, celebration of festivals, employee health and well-being and also employee participation in CSR activities and volunteering work during the year. Regular eye and dental check-ups, BMI check-ups and first aid training were conducted under the employee wellness initiatives.

REWARDS & RECOGNITION

Appreciating employees and teams is critical in motivating and retaining key talent. IndoStar's Rewards and Recognition (R&R) policy has created a platform to recognise and appreciate great performance. Non-monetary in nature, the focus of the R&R is to build a culture that reinforces a focus on results, going the extra mile and team work in all that the employees of the Company do.

INTEGRATION OF IIFL'S CV BUSINESS EMPLOYEES

With the acquisition of IIFL's CV Finance Business, IndoStar welcomed 1,079 employees into the Company.

The HR Team at IndoStar completed various activities like policy harmonisation, grade alignment and salary benchmarking. This ensured that employees from the IIFL CV business were at par with employees at IndoStar, which helped in creating a healthy working environment within the Company.

A robust communication and on-boarding plan was prepared and implemented. We set up an HR Support Squad and employees were encouraged to call on various helpline numbers to clarify queries with reference to their revised compensation structure or discuss any other matter of concern. This went a long way forward in creating a culture of warm acceptance, which was inculcated throughout the Company.

WAY FORWARD FOR 2020

Creating a one-company-culture: With a rapid increase in employee base, it is necessary that the employees experience values and cultural dimensions that are uniform across business and geographies. We plan to address this going ahead through initiatives like employee engagement and other interventions.

HR Digitisation and Automation: With the launch of an HRMS system, we aim to simplify the management of HR processes for all stakeholders.

Focus on Learning & Development: At IndoStar, we believe in continuous learning and development and to inculcate this in the Company's culture, various combination of Functional, Behavioural, Leadership training will be targeted to various employee groups. The objective of these trainings is to build and enhance requisite core competencies. Classroom sessions along with our e-learning system will be used to drive these learning initiatives.

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 entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of IndoStar's Annual Report, FY2018-19.

9

BOARD OF DIRECTORS

MR. DHANPAL JHAVERI
(DIN – 02018124)

Mr. Dhanpal Jhaveri is the Chairman and 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. R. SRIDHAR
(DIN – 00136697)

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. ALOK OBEROI
(DIN – 01779655)

Mr. Alok Oberoi is a Non-Executive Director on the board of IndoStar. He has over three decades of experience in the financial services industry, having spent 14 years in Wealth Management at Goldman Sachs and 17 years in Principal Investments and Private Wealth Management. He co-founded ACP Partners in 2001. Mr. Oberoi holds a Master's of Business Administration and a Bachelor's of Science from Cornell University.

MR. BOBBY PARIKH
(DIN – 00019437)

Mr. Bobby Parikh is a Non-Executive Independent Director on the board of IndoStar. He has nearly three decades of experience in the financial services industry. 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 focused 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. DINESH KUMAR MEHROTRA
(DIN –00142711)

Mr. Dinesh Kumar Mehrotra is a Non-Executive Independent Director on the board of IndoStar. He retired as Chairman of India's largest insurance company, Life Insurance Corporation of India (LIC) in May 2013. He has over three decades of experience in the financial services industry and has held various important positions at the corporation during his tenure. Presently he is also serving as a Director on the Boards of a number of diverse companies, namely IEX, TATA AIA Life, UTI AMC and others.

MR. HEMANT KAUL
(DIN - 00551588)

Mr. Hemant Kaul is a Non-Executive Independent Director on the board 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.

MRS. NAINA KRISHNA MURTHY
(DIN- 01216114)

Mrs. 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, Mrs. 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. Mrs. Murthy holds a degree in Law, with a B.A. and LLB (Hons) from National Law School, Bangalore.

MR. SHAILESH SHIRALI
(DIN – 06525626)

Mr. Shailesh Shirali is a qualified Chartered Accountant and holds a Bachelor of Commerce degree from Mumbai University. Mr. Shirali has been associated with Capital First Limited (Formerly known as Future Capital Holdings Limited) as CEO – Corporate Lending, DSP Merrill Lynch Capital Limited as MD – Global Structured Finance & Investments, Rabo India Finance as ED – Head Structured Finance, Leveraged Finance, Infrastructure & Telecom and ICICI Limited as SVP – Credit Risk and Structured Finance. Currently Mr. Shirali is associated with the Company as MD, Head – Corporate Lending and Markets

10

CHAIRMAN'S LETTER

Dhanpal Jhaveri
Chairman

Dear Shareholders,

India has emerged as the fastest growing major economy in the world and is expected to be become a $5 trillion economy by 2025. Backed by strong policies and reforms for supporting higher growth, India's economy grew by 6.8% in FY 2018-19 as per Central Statistics Office (CSO), from 6.7% recorded in the previous financial year. Growth rate for GDP in H2 was lower, causing overall growth to dip below 7%. Moving forward, the growth momentum of the economy is expected to improve after the stabilisation of goods & service tax (GST) and several other initiatives taken by government, such as ease of doing business, Foreign Direct Investment (FDI) reforms, smart cities, creating a more congenial environment for start-ups, and infrastructure development amongst others. The stability and continuity of the incumbent Government should provide greater positivity to the Indian economy in the times to come.

Telescoping into the future, growth in India is projected to pick up to 7.2% in 2020, supported by the continued recovery of investment and robust consumption amidst a more expansionary stance of monetary policy, and some expected impetus from fiscal policy. Implementation of structural and financial sector reforms, with efforts to reduce public debt and stabilise the recent liquidity squeeze faced by NBFCs, remain essential to secure the economy's growth prospects.

With a positive macro-economic backdrop, growth opportunities in the retail lending segment look encouraging. With pent up demand for housing, vehicles and consumer durables, there are strong growth opportunities for emerging NBFCs such as us.

PERFORMANCE OVERVIEW

During the year under review, your Company completed the initial public offering of its equity shares ("IPO") for 3,22,37,762 equity shares of face value of ₹ 10/- each, for cash at a price of ₹ 572/- per equity share determined through book building process. The equity shares of your Company got listed and commenced trading on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018. The proceeds of fresh issue were used towards augmenting the capital base of the Company to meet future capital requirements.

During the year under review, your Company recorded steady growth in business volumes and profitability while maintaining comfortable liquidity and adequate capital buffers for future growth.

In pursuance of the retail thrust, your Company has significantly expanded its distribution footprint during the year under review.

As a part of your Company's growth strategy to expand into the retail lending segment, it has been focusing on both organic as well as inorganic growth of the business. In the last quarter of financial year 2018-2019, your Company acquired the entire CV finance business of India Infoline Finance Limited including all assets under management of ₹ 3,515 crore, 161 branches, 1,079 employees and more than 50,000 customers at a net purchase consideration of ₹2,415 crore. After the acquisition of CV finance business from IIFL, the retail loan portfolio of your Company as on March 31, 2019 stood at 61% of total AUM. Your Company is ideally placed to become a leading retail finance NBFC, with a diversified and profitable asset book made up of a product mix comprising CV Finance, Corporate Lending, SME Finance and Home Finance – each of which are businesses with strong growth prospects. I take this opportunity to welcome all members of the IIFL CV Financing business to join the IndoStar family, and work together as one integrated unit.

The operating and financial performance of your Company has

"We ensure that our governance structures continue to be appropriate and support our business and culture in an ever-changing market environment."

been covered in the Management Discussion and Analysis Report which forms part of the Annual Report. The Interim Dividend of 10% i.e. of ₹ 1 /- per equity share of face value of ₹ 10/- each, for financial year 2018-19 was paid to the shareholders of the Company as on 14 November 2018. In line with the Dividend Distribution Policy of the Company, your Directors are pleased to recommend a Final Dividend of 10% i.e. ₹ 1 /- per equity share of face value of ₹ 10/- each, for financial year 2018-19.

STRONG GOVERNANCE

As Chairman of the Board, it is my role to provide leadership to ensure the operation of an effective Board. The Board of Directors of your Company comprises 8 (eight) Directors of which 2 (two) are Non-Executive Non Independent Directors, 4 (four) are Non-Executive Independent Directors and 2 (two) are Whole-Time Directors. The directors bring a wide range of skills and perspectives to the Board's deliberations, as described on within the Corporate Governance Report included within this Annual Report. In relation to gender diversity, we currently have 1 female Board member.

Throughout the year we have continued to ensure that our governance structures at Board Committee and subsidiary levels levels continue to be appropriate and support our business and culture in an ever-changing regulatory environment. In the Corporate Governance Report contained herein, we provide details of our Board members, the role of the Board and its performance and oversight.

BOARD CHANGES

During the year under review, there was no change in the composition of the Board of Directors of the Company. Subsequent to the year under review, however, the following changes took place in the Board of Directors of the Company. Mr. Sameer Sain resigned from the office of Non-Executive Non-Independent Director of the Company with effect from June 26, 2019, and on behalf of all members of the board, I express my sincere appreciation for the valuable contribution and guidance provided by him during his association with the Company towards establishing and building the Company in to a well-respected and highly profitable credit institution.

Considering the growth of your Company's business, and in order to strengthen the Board with an additional executive director, I am pleased to inform you about the appointment of Mr. Shailesh Shirali to the Board. Associated with your Company since 2012, he brings rich experience and expertise in the financial services industry. On June 26, 2019, he was appointed as a Whole-Time Director of the Company, subject to approval by shareholders of the Company at the ensuing Annual General Meeting.

The three primary principles, on which we are building your Company, continue as stated last year. They are: Asset Growth, Asset Quality and Profitability. I am confident that, with the support of all our stakeholders, we are well positioned to achieve our goals and deliver sustained, profitable growth over the next several years.

Sincerely,

DHANPAL JHAVERI
Chairman

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BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 10th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2019 and comparison with the previous financial year ended March 31, 2018 are summarised below:

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
Total income	1,177.17	786.94
Total expenditure	784.51	462.85
Profit before taxation	**392.66**	**324.09**
Less: Provision for taxation		
- Current tax	91.92	125.45
- Deferred tax asset	45.61	(13.30)
Net profit after taxes	**255.13**	**211.94**
Other comprehensive income, net of tax	**(0.13)**	**0.02**
Total comprehensive income	**255.00**	**211.96**
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	51.03	47.12
Appropriation towards dividend and dividend distribution tax	11.12	-
Surplus in the statement of profit and loss	**192.85**	**164.85**
Balance brought forward from previous period	707.08	542.24
Balance carried to balance sheet	899.94	707.08
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	28.21	26.95
Diluted (₹)	27.62	24.31

Note: The Company adopted Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, from April 1, 2018 with effective transition date of April 1, 2017, and hence comparative figures for financial year 2017-18 have been restated to make them comparable.

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

During the year under review, your Company recorded steady growth with a comfortable liquidity position despite the liquidity crisis in the financial services sector, which had a significant impact during second half of the financial year. In order to support the expansion of the retail lending business, your Company has significantly expanded its branches during the year under review. Despite this increase in infrastructure and employee expenses on account of expansion of branch network and increase in employee strength, the Profit Before Tax as on March 31, 2019 increased by 21.16% to ₹392.66 crore (previous year: ₹324.09 crore). The Profit After Tax as on March 31, 2019 increased by 20.38% to ₹255.13 crore (previous year: ₹211.94 crore) and the Net Worth of the Company as on

March 31, 2019 increased by 45.39% to ₹3,029.89 crore (previous year: ₹2,084.00 crore).

As a part of your Company's growth strategy to expand into retail lending for balanced growth, it has been focusing on both organic as well as inorganic growth of its businesses. In the last quarter of financial year 2018-19, your Company acquired the entire Vehicle Finance business of India Infoline Finance Limited ("IIFL") including assets under management of ₹3,515 crore, 161 branches, 1,079 employees and more than 50,000 customers at a net purchase consideration of ₹2,415 crore. After the acquisition of Vehicle Finance business from IIFL, the retail loan asset portfolio of your Company as on March 31, 2019 stood at 61% of total loan assets.

Such strategic acquisitions help your Company in significantly accelerating timelines to achieve its goal of becoming a leading player in the retail lending space. Your Company is now better placed to become a leading retail finance non-banking financial company ("NBFC") having a diversified and profitable asset book with a product mix comprising Vehicle Finance, Corporate Lending, SME Finance and Home Finance (through its subsidiary IndoStar Home Finance Private Limited) – each of which are businesses with strong growth prospects.

Your Company has continued to maintain good asset quality with net non-performing assets ("NPA") of 1.61% as on March 31, 2019 (previous year: 1.02%), in spite of a difficult macro-economic environment. 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 and provisions of the Companies Act, 2013 ("Act") read with Rules made thereunder, a provision of ₹163.95 crore (previous year: ₹45.74 crore) at the rate of 1.61% of outstanding standard assets of the Company was made as at March 31, 2019 and pursuant to the requirement of Section 45-IC of the Reserve Bank of India Act, 1934, an amount of ₹51.03 crore (previous year: ₹47.12 crore) was transferred to statutory reserve fund. 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, 2019.

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.

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

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended keeping in view the Company's objective of meeting the long term capital requirement for the 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 https://www.indostarcapital.com/investors.html#codes-policies-wrap.

In line with the Dividend Distribution Policy of your Company, your Directors are pleased to recommend Final Dividend of 10% i.e. ₹1/- per equity share of face value of ₹10/- each, for financial year 2018-19. Final Dividend, if approved by the shareholders of the Company at the ensuing Annual General Meeting will be paid to shareholders of the Company as on August 23, 2019.

During the year under review, Interim Dividend of 10% i.e. ₹1/- per equity share of face value of ₹10/- each, for financial year 2018-19 was declared and paid to the shareholders of the Company.

Accordingly, the total dividend pay-out for financial year 2018-19 shall be 20% i.e. ₹2/- per equity share of face value of ₹10/- each aggregating to ₹22.24 crore (including tax).

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance 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. The Company has adopted Ind AS from April 1, 2018 with an effective transition date of April 1, 2017. The transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by RBI and generally accepted accounting principles in India.

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, 2019.

The audited standalone and consolidated financial statements together with Auditor's Report 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 http://www.indostarcapital.com/investors.html.

INITIAL PUBLIC OFFERING

During the year under review, your Company completed the initial public offering of its equity shares for 3,22,37,762 equity shares of face value of ₹10/- each comprising fresh issue of 1,22,37,762 equity shares and offer for sale for 2,00,00,000 equity shares, for cash at a price of ₹572/- per equity share determined through book building process ("IPO"). The equity shares of your Company got listed and commenced trading on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018.

In line with the 'Object of the Offer' of the IPO, the proceeds of fresh issue were used towards augmenting the capital base of the Company to meet future capital requirements.

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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("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.html#financial-statementssubsidiary-companies-wrap. 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.

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.

During the year under review, the Total Income of IAAPL was ₹5.68 crore (previous year: ₹0.60 crore) and the Profit After Tax was ₹3.23 crore (previous year: Loss After Tax was ₹1.08 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 commenced business operations in September 2017 and as on date operates in 10 states across India through various branches and has an employee base of over 350 employees.

During the year under review, the Total Income of IHFPL was ₹42.57 crore (previous year: ₹1.43 crore). The operations of IHFPL during the year under review has resulted in Loss After Tax of ₹19.07 crore (previous year: Loss After Tax was ₹10.53 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.

SHARE CAPITAL

During the year under review, the Company issued and allotted 1,22,37,762 equity shares by way of fresh issue in the IPO and 13,40,394 equity shares pursuant to the exercise of stock options under various employee stock option plans of the Company. Subsequent to the year under review, the Company issued and allotted 10,000 equity shares pursuant to exercise of stock options under IndoStar ESOP Plan 2012.

Subsequent to the above mentioned allotments, the issued, subscribed and paid-up share capital of the Company stands increased to ₹92,26,74,150/- divided into 9,22,67,415 equity shares of face value of ₹10/- each.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, there was no change in composition of the Board of Directors of your Company.

Subsequent to the year under review, the following changes took place in the Board of Directors of your Company:

Cessation

Due to other professional commitments and time constraints, Mr. Sameer Sain resigned from the office of Non-Executive Non-Independent Director of the Company with effect from June 26, 2019.

The Board of Directors place on record their sincere appreciation for the valuable contribution and guidance provided by Mr. Sain during his association with the Company towards establishing and building the Company into a well-respected and highly profitable credit institution.

Appointment

Considering the growth of your Company's business, in order to strengthen the Board with an additional executive director and considering the rich experience and expertise of Mr. Shailesh Shirali in the financial services industry and his contribution during his association with your Company since 2012, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at their meeting held on June 26, 2019 appointed Mr. Shirali as a Whole-Time Director of the Company liable to retire by rotation, subject to approval by shareholders of the Company at the ensuing Annual General Meeting. The Company has received the requisite notice from a member in writing proposing Mr. Shirali's appointment as a Director. A brief profile of Mr. Shirali has been included in the notice convening the ensuing Annual General Meeting.

At present, the Board of Directors of your Company comprises 8 (eight) Directors of which 4 (four) are Non-Executive Independent Directors, 2 (two) are Non-Executive Non-Independent Directors, and 2 (two) are Executive Directors. The Chairman is a Non-Executive Non-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.

Retiring Directors

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. R. Sridhar, Director being longest in office, 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. R. Sridhar has been included in the notice convening the ensuing Annual General Meeting.

Retiring Independent Director

The term of Mr. Bobby Parikh, Non-Executive Independent Director of the Company, who was appointed for five years with effect from March 05, 2015, expires on March 04, 2020. In terms of Section 149(10) of the Act, the Board of Directors of the Company at their meeting held on May 20, 2019 on recommendation of the Nomination & Remuneration Committee approved re-appointment of Mr. Parikh as Non-Executive Independent Director of the Company, not liable to retire by rotation, for a further term of five years with effect from March 05, 2020 to hold office up to March 04, 2025, subject to approval by shareholders of the Company by way of a special resolution at the ensuing Annual General Meeting. The Company has received the requisite notice from a member in writing proposing Mr. Parikh's appointment as Non-Executive Independent Director. A brief profile of Mr. Parikh has been included in the notice convening the ensuing Annual General Meeting.

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, 2019 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, 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 there were no changes in the KMPs of the Company.

Subsequent to the year under review, Mr. Shailesh Shirali was designated as KMP of the Company pursuant to his appointment as a Whole-Time Director of the Company subject to approval by shareholders of the Company at the ensuing Annual General Meeting.

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. Shailesh Shirali - Whole-Time Director;
3. Mr. Pankaj Thapar - Chief Financial Officer;
4. 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.

Your Company has complied with the provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, with respect to the downstream investments made by it during the year under review.

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 in line with Company's Resource Planning Policy adopted by the Board of Directors for the financial year under review, through various modes including bank borrowings, issuance of non-convertible debentures on private placement basis, issuance of commercial papers 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) ₹2,571 crore as bank borrowings (outstanding as on March 31, 2019: ₹3,369.75 crore); (ii) ₹1,400 crore by issuance of commercial paper (outstanding as on March 31, 2019: ₹291.17 crore); (iii) ₹2,348.80 crore through issuance of non-convertible debentures (outstanding as on March 31, 2019: ₹3,208.41 crore); (iv) ₹238.16 crore by sale / assignment of loan assets of the Company.

Applicable disclosures in terms of Regulation 34(3) and Regulation 53(f) of the Listing Regulations as on March 31, 2019 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 very low credit risk.
CARE Ratings Limited	"CARE AA-; Positive"	
India Ratings and Research (Fitch Group)	"IND AA-/Stable"	
• **Market Linked Debentures**		
CARE Ratings Limited	"CARE PP-MLD AA-; Positive"	
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+"	

During the year under review, the outlook of rating assigned by CARE Ratings Limited to the Long Term Debt Programme of the Company including Market Linked Debentures, was upgraded from "Stable" to "Positive".

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2019 stood at 2.94:1.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2019, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 24.05% (Tier I Capital to Risk Assets Ratio was 21.73% and Tier II Capital to Risk Assets Ratio was 2.32%), well above the regulatory limit of 15% as prescribed by the RBI for NBFCs.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2019 stood at ₹2,420.15 crore, a 20.64% increase over the previous year.

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 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, 2019, 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.

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, 2019 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, 2019, 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 its Committees meet at regular intervals inter-alia to discuss, review and consider various matters including business performance, business 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 Chairman. 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 25, 2019 to 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 familiarised 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 into the Company's business and its functioning. The Independent Directors were also familiarised 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/investorshtml#codespolicies-wrap.

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.html#codes-policies-wrap.

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.html#codes-policies-wrap.

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.

The Board of Directors confirm 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 victimisation 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. 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.

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 systems / policies and applicable laws. The internal control systems / 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 control systems / policies of your Company. The Risk Management Committee and the Audit Committee periodically review various risks associated with the business of the Company along with risk mitigants, and ensure that they have an integrated view of risks faced by the Company. The Board of Directors are of the view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

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 Directors are 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 & 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, 2019 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 http://www.indostarcapital.com/investors.html#agm-wrap.

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 a '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 is reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2019.

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 or securities provided by the Company are not applicable to the Company.

During the year under review, your Company has made investment in the equity share capital of IHFPL and liquid securities including units of mutual funds in terms of the Treasury Policy of the Company. For details of the investments of the Company, please refer Note 6 of the audited standalone financial statements of the Company for the financial year ended March 31, 2019.

Details of the Investment Policy and the Treasury Policy are provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

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, 2019 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 http://www.indostarcapital.com/investors.html#agm-wrap.

EMPLOYEE STOCK OPTION 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 for aligning their interest with the interests 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.

During the year under review, after listing of equity shares of the Company on stock exchanges, the ESOP Plans were amended in order to align them with regulatory requirements and in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations"), the ESOP Plans being pre-IPO plans, were ratified by the shareholders of the Company at the Annual General Meeting held on September 27, 2018.

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 SEBI ESOP Regulations. In terms of Regulation 13 of SEBI ESOP Regulations, the Statutory Auditors have certified 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. The said certificate from Statutory Auditors shall be available for inspection at 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 http://www.indostarcapital.com/investors.html#agm-wrap.

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 to 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 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 ₹1.16 crore (previous year: ₹0.50 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 financial year ended March 31, 2019, 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 profit 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**

Dhanpal Jhaveri
Chairman
DIN: 02018124

Place: Mumbai
Date: June 26, 2019

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, 2019

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:** Indostar Capital, Mauritius	• Loans and advances in the nature of loans to subsidiaries by name and amount	--
		• 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):** IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited	• Loans and advances in the nature of loans to parent by name and amount	--
		• 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	--
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	--

ANNEXURE II

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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
CIN: L65100MH2009PLC268160
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, 2019. 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 authorised 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, 2019 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, 2019 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, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

   e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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, 2009 and 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:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India, as applicable;

(ii) The Debt Listing Agreement entered by the Company with the BSE Limited ("BSE");

(iii) The Equity Listing Agreement entered by the Company with the BSE Limited ("BSE"); and the National Stock Exchange of India Limited ("NSE") (applicable w.e.f. May 21, 2018).

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.

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

(i) 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.;

(ii) Stamps Acts and Registration Acts of respective states;

(iii) Acts as prescribed under Direct Tax and Indirect Tax;

(iv) Land Revenue laws of respective states;

(v) Labour Welfare Acts of respective states;

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

(vii) 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. There were no changes in the composition of the Board of Directors during the period under review.

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 noted that during the audit period certain persons covered under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 did not ensure timely compliance with the said regulations.

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 Company completed the initial public offering of its equity shares ("IPO") for 3,22,37,762 equity shares of face value of ₹10/- each, for cash at a price of ₹572/- per equity share determined through book building process, comprising a fresh issue of 1,22,37,762 equity shares aggregating to ₹700 crore and an offer for sale of 2,00,00,000 equity shares aggregating to ₹ 1,144 crore. The Company received the final listing and trading approval from the National Stock Exchange of India Limited and the BSE Limited vide their letters dated May 18, 2018, effective from May 21, 2018.

(ii) During the period under review, IndoStar Home Finance Private Limited ("IHFPL"), a wholly owned subsidiary of the Company, allotted (a) 3,50,00,000 equity shares of face value ₹10 each, for cash at par aggregating to ₹35 crore, to the Company under Rights Issue; and (b) 10,00,00,000 equity shares of face value ₹10 each at par pursuant to exercise of option by the Company for conversion of loan of ₹100 crore into equity shares of IHFPL.

(iii) During the period under review, the Board of Directors approved grant of additional term loan of ₹300 crore to IHFPL, such that aggregate outstanding at any point does not exceed ₹400 crore. Additionally, the Board of Directors approved grant of term loan of ₹200 crore to IHFPL with an option to the Company to convert the loan into equity shares of IHFPL.

(iv) Members at their Annual General Meeting held on September 27, 2018 ("AGM"), *inter-alia* approved the following by way of special resolution:

a) Increase in the Borrowing Limits under section 180(1)(c) upto ₹20,000 crore, over and above the aggregate, for the time being, of the paid-up share capital, free reserves and securities premium of the Company;

b) 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 aggregated principal amount not exceeding ₹12,000 crore;

c) 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 [collectively referred to as IndoStar ESOP Plan(s)];

d) Ratification of IndoStar ESOP Plan(s) for grant of options to the Eligible Employees of Subsidiary Companies / Holding Company; and

e) Alteration to the Articles of Association of the Company.

(v) The Board of Directors at their meeting held on October 31, 2018, *inter-alia* adopted Dividend Distribution Policy and declared an Interim Dividend at rate of 10% i.e. ₹1/- per equity share of face value of ₹10/- each, for the financial year 2018-19.

(vi) The Board of Directors at their meeting held on February 2, 2019, *inter-alia*, approved the acquisition of Commercial Vehicle Finance Business of India Infoline Finance Limited ("IIFL"), on a going concern basis. The Company executed closing agreement(s) on March 31, 2019 for acquisition of Commercial Vehicle Finance Business of IIFL comprising Assets Under Management of ₹3,515 crore, employees, branches and infrastructure, at a net purchase consideration of ₹2,415 crore.

(vii) During the period under review, the Company allotted 13,40,394 equity shares of face value of ₹10/- each fully paid up, on exercise of employees stock options by employees, in accordance with the IndoStar ESOP Plan(s).

(viii) During the period under review, the Company allotted 21,382 Non-Convertible Debentures on Private Placement basis aggregating to ₹2,348.80 crore out of which Non-Convertible Debentures aggregating to ₹1,798.80 crores were listed on the wholesale debt segment of the BSE Limited.

(ix) During the period under review, the Company redeemed 725 Non-Convertible Debentures of face value of ₹10 lacs each, aggregating to ₹72.5 crore and 330 Non-Convertible Debentures of face value of ₹1 crore each, aggregating to ₹330 crore on their respective due dates.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: May 20, 2019

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
CIN: L65100MH2009PLC268160
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.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Mumbai
Date: May 20, 2019

BOARD'S REPORT

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, 2019

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	204.94
		Mr. Bobby Parikh	3.73
		Mr. Dinesh Kumar Mehrotra	3.73
		Mr. Hemant Kaul	3.73
		Ms. Naina Krishna Murthy	3.73
		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	55%
		Mr. Bobby Parikh	0
		Mr. Dinesh Kumar Mehrotra*	0
		Mr. Hemant Kaul*	0
		Ms. Naina Krishna Murthy*	0
		Mr. Dhanpal Jhaveri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Pankaj Thapar (CFO)	16%
		Mr. Jitendra Bhati (CS)	(11%)
3.	The percentage increase in the median remuneration of employees in the financial year	175%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	1,151	

Sr. No.	Requirement	Disclosure
5.5	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 8.75%. During the year under review, due to increase in number of employees mainly at entry level of the organisational hierarchy, the average salaries of employees other than managerial personnel, has decreased as compared to average salaries paid in financial year 2017-18. The percentage increase in the average remuneration to managerial personnel was 82.86%. Due to decrease in number of managerial personnel during the year under review the average remuneration paid to managerial personnel is showing an increase as compared to average remuneration paid in financial year 2017-18.
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.

*Remuneration paid for financial year 2017-18 has been annualised for the purpose of comparison.

Note:
Remuneration to Non-Executive Independent Directors includes Commission for the financial year 2018-19 paid in financial year 2019–20.
Sitting fees paid to Non-Executive Independent Directors has not been included for calculation of remuneration paid to them.

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.html#codes-policies.

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

Promoting Education
Avasara Leadership Institute: Avasara Academy & Avasara Leadership Fellows
Pratham Mumbai Education Initiative
Punyabhushan Foundation: Password Campaign
Rays of Hope Charitable Trust: Priyanj Special School
Smile Foundation
Women Empowerment
Sanmitra: Narishakti Skilling Program
Population First: Action for Mobilisation of Community Health Initiatives
Association for Non-traditional Employment for Women
Healthcare
Cancer Patients Aid Association: HR-HPV Screening for Cervical Cancer & Elimination of Cervical Cancer through HR-HPV Vaccination
Child Vision Foundation: Lovely Little Hearts
Shanmukhanandha Healthcare Centre
Humanitarian Relief
Mumbai Roti Bank
Relief and rehabilitation of people affected by Cyclone Gaja
Relief and rehabilitation of people affected by floods in Kerala

Promoting Education

a. Avasara Leadership Institute – Avasara Academy / Avasara Leadership Fellows

Your Company continued to support Avasara Leadership Institute ("ALI") for the fourth 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 recognised Cambridge Curriculum and a supplementary curriculum in Leadership, Entrepreneurship and Indian Studies.

During the year under review, your Company contributed an amount of ₹35 lacs to ALI for its program Avasara Academy. Through your Company's support, Avasara Academy directly supported 419 students and through its external worksops for children not registered with it, it reached out to 904 children.

Avasara Leadership Fellows ("ALF"): The ALF Program is a selective, intensive after-school enrichment program for girl students from 7th 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 ₹21 lacs to ALI for its program ALF. Through your Company's support, ALF directly supported education of 58 students and through its activities for children not registered for the program, it reached out to 500 children.

Your Company proposes to continue its support to ALI during Financial Year 2019-20.

b. Pratham Mumbai Education Initiative

Your Company continued its support to Pratham Mumbai Education Initiative ("Pratham") for the third year. Pratham was established in the year 1994 with the aim of providing a holistic approach to enhance education for children in the slums. Pratham works across different domains in education in India – pre-school, primary, upper primary, secondary and vocational sectors. Pratham aims at improving children's learning levels, help them to sustain in school and address the issues of child vulnerability through child right sessions and developing a mechanism to reach out to such kids.

During the year under review, your Company contributed an amount of ₹31 lacs to Pratham.

Your Company's contribution was utilised by Pratham in the following manner:

Activities	No. of people impacted
School readiness training for children from age group 3 -5 years	19
Parent Education Program (Parents of children in the age group 3 to 7)	1,331
Support Class - English Program (Children in Standard 3 to 8)	352
Learning Camps (Children in Standard 3 to 8)	436
Library Program (Children from age 3 to 14 years)	3,756

c. Punyabhushan Foundation - Password Campaign

Your Company continued its support to Punyabhushan Foundation for the second 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 sensitise 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, Ahmadnagar and Aurangabad in its activities through your Company's support.

Your Company proposes to continue its support to Punyabhushan Foundation during Financial Year 2019-20.

d. Rays of Hope Charitable Trust - Priyanj Special School

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.

Priyanj was identified and supported by your Company for the first time. During the year under review, your Company contributed an amount of ₹5.40 lacs to Priyanj Special School. Your Company's contribution was utilised for education of 10 children with autism.

Your Company proposes to continue its support to Priyanj Special School during Financial Year 2019-20.

e. Smile Foundation

Smile has started an initiative of 'Child Support to Girl Children' by facilitating education to girls. Smile is a 16 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.

Smile was identified and supported by your Company for the first time. During the year under review, your Company contributed an amount of ₹3 lacs to Smile Foundation through United Way of Mumbai. Your Company's contribution was utilised for education of 45 children.

Your Company proposes to continue its support to Smile Foundation during Financial Year 2019-20.

Women Empowerment

f. Sanmitra - Narishakti Skilling Program

Your Company continued its support to Sanmitra for its Narishakti Skilling Program for the second year. Sanmitra originally began work on HIV/AIDS in 2002 and they have been able to control the AIDS epidemic in the slums of Malwani in Malad. It was incorporated by Ms. Prabha Desai, retired Vice Principal of Patkar College, Goregaon. She devoted her life to provide empowerment to sex workers, bar girls, transgender, seropositive women and children who are victims of stigma and discrimination. Sanmitra was awarded with the best performance trophy from Bill and Melinda Gates Foundation in 2010.

Sanmitra organises courses with the aim of developing skills among women to get them absorbed in the main stream labour force. This results in their empowerment, confidence building and resistance to violence at domestic and social spaces. These courses are supplemented with life skill education, personality development sessions, knowledge of sex and sexuality, manners and etiquettes and ability to work among groups.

During the year under review, your Company contributed an amount of ₹10 lacs to Sanmitra for its Narishakti Skilling Program. Your Company's contribution was utilised for training 385 adolescent girls and women.

g. Population First - Action for Mobilisation of Community Health Initiatives ("AMCHI")

Your Company continued its support to Population First's program AMCHI for the third year. Population First was founded in March 2002 and runs two programs namely AMCHI and LAADLI.

AMCHI focuses on economic, social and political empowerment of women, sanitation, mother and child health in rural communities and includes:

- Economic empowerment of women through livelihood initiatives through vermi-composting;
- School in development program - Creating change agents in the society to spread awareness about sanitation in the society.

During the year under review, your Company contributed an amount of ₹8 lacs to Population First for its program - AMCHI. Your Company's contribution was utilised for training and development of 44 women from seven villages.

h. Association for Non-traditional Employment for Women

Association for Non-traditional Employment for Women ("ANEW") enhances the socio economic status of young, underprivileged women by empowering them with self-confidence and the required skills to enable them to become independent and contribute to family and society. ANEW provides training to women for driving car and provide placement support post completion of their training.

ANEW was identified and supported by your Company for the first time. During the year under review, the Company contributed an amount of ₹0.55 lacs to ANEW. Your Company's contribution was utilised by ANEW for training 5 women.

Healthcare

i. Cancer Patients Aid Association - HR – HPV Screening for Cervical Cancer and Elimination of Cervical Cancer through HR – HPV Vaccine

Cancer Patients Aid Association ("CPAA") is an NGO registered with the Charity Commissioner since 1970. The vision of CPAA is 'Total Management of Cancer', with the goal to support socio-economically underprivileged cancer patients. CPAA emphasises 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, corporate etc.

CPAA's program 'HR-HPV Screening for Cervical Cancer' screens lower income group women for cervical cancer with an aim to detect cancer at early stage and its program 'Elimination of Cervical Cancer through HR-HPV Vaccination' provide vaccination to school girls from lower income group with the objective of eliminating Cervical Cancer before its development.

CPAA was identified and supported by your Company for the first time. During the year under review, your Company contributed an amount of ₹10 lacs to CPAA for the said programs through United Way of Mumbai.

j. Child Vision Foundation – Lovely Little Hearts

Child Vision Foundation ("CVF") is a non-profit organisation founded in the year 2013. CVF through its project Lovely Little Hearts aims to treat underprivileged children whose parents cannot afford the expenses for performing heart surgeries of their children.

CVF was identified and supported by your Company for the first time. During the year under review, your Company contributed an amount of ₹12.5 lacs to Child Vision Foundation for its project Lovely Little Hearts. Your Company's contribution was utilised for performing heart surgeries for over 70 children.

k. Shanmukhanandha Healthcare Centre

Shri Shanmukhanandha Fine Arts and Sangeetha Sabha is an unique institution that combines Fine Arts and Health Care. The institute in the last 44 years of its efforts, has established outreach facilities to the poor and deserving, either free or at highly subsidised rates and presently extends 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 subsidised rates and also attracts a wide cross-section of general practitioners for updates and recent trends in medicine.

Shanmukhanandha Healthcare Centre was identified and supported by your Company for the first time. During the year under review, your Company contributed an amount of ₹31 lacs to Shanmukhanandha Healthcare Centre. Your Company's support was utilised for over 140 dialysis and 49 eye care treatments.

Your Company proposes to continue its support to Shanmukhanandha Healthcare Centre during Financial Year 2019-20.

Humanitarian Relief

l. Mumbai Roti Bank

Mumbai Roti Bank ("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. It aims 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.

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

Your Company proposes to continue its support to MRB during Financial Year 2019-20.

m. Cyclone Gaja

Your Company contributed an amount of ₹7 lacs towards relief and rehabilitation work for people affected by Cyclone Gaja in the district of Tamil Nadu.

n. Kerala's Chief Minister's Distress Relief Fund

Your Company and its employees collectively contributed an amount of ₹10 lacs towards relief and rehabilitation of people affected by floods in Kerala.

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 Director	Member
Mr. R. Sridhar	Executive Director	Member
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Member

3. Average net profit of the Company for the last three financial years prior to financial year ended March 31, 2019:

₹324.54 crore calculated as per Section 198 of the Companies Act, 2013.

4. Prescribed CSR Expenditure (2% of ₹324.54 crore): ₹6.49 crore

5. Details of CSR spent during the financial year:

Particulars	₹in Crore
a. Total amount to be spent for the financial year	6.49
b. Amount unspent	4.54

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	Other - Pune, Maharashtra	₹56 lacs	₹35 lacs	₹138.72 lacs (FY 2015-16: ₹50 lacs; FY 2016-17: ₹18.72 lacs; FY 2017-18: ₹35 lacs; FY 2018-19: ₹35 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		Local Area - Mumbai, Maharashtra		₹21 lacs	₹72.28 lacs (FY 2016-17: ₹31.28 lacs; FY 2017-18: ₹20 lacs; FY 2018-19: ₹21 lacs)	

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs Local area or other 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; Direct expenditure on projects or programs Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
2.	Pratham Mumbai Education Initiative	Promoting education among children	Local Area – Mumbai, Maharashtra	₹31 lacs	₹31 lacs	₹143.26 lacs (FY 2016-17: ₹58.75 lacs; FY 2017-18: ₹53.51 lacs; FY 2018-19: ₹31 lacs)	Implementing Agency – Pratham Mumbai Education Initiative, a non-governmental organisation registered under the Bombay Public Trust Act, 1950
3.	Password Campaign	Promoting education among children	Other – Pune, Aurangabad and Ahmednagar, Maharashtra	₹15 lacs	₹15 lacs	₹21 lacs (FY 2017-18: ₹6 lacs; FY 2018–19: ₹15 lacs)	Implementing Agency - Punyabhushan Foundation - a trust registered under the Bombay Public Charitable Trust Act, 1950
4.	Priyanj Special School	Promoting education including special education among children	Local Area – Mumbai, Maharashtra	₹5.4 lacs	₹5.4 lacs	₹5.4 lacs	Implementing Agency - Rays of Hope, charitable trust registered under Bombay Public Trust Act, 1950
5.	United way of Mumbai for its initiative - Child Support to Girl Children	Promoting education among children	Pan India	₹3 lacs	₹3 lacs	₹3 lacs	Implementing Agency - Smile Foundation - a trust registered under Registration Act, 1908
6.	Narishakti Skilling Program	Promoting gender equality, empowering women and enhancing women employment	Local – Mumbai, Maharashtra	₹10 lacs	₹10 lacs	₹11.70 lacs (FY 2017-18: ₹1.70 lacs; FY 2018-19: ₹10 lacs)	Implementing Agency – Sanmitra Trust – a trust registered under the Bombay Public Trust Act, 1950
7.	Action for Mobilisation of Community Health Initiatives	Promoting gender equality, empowering women, enhancing women employment and sanitation	Other – Thane, Maharashtra	₹8 lacs	₹8 lacs	₹49.07 lacs (FY 2016-17: ₹23.81 lacs; FY 2017-18: ₹17.26 lacs; FY 2018-19: ₹8 lacs)	Implementing Agency – Population First, a trust registered under the Bombay Public Trust Act, 1950
8.	Association for Non-traditional Employment for Women	Empowering women and enhancing women employment	Other – Chennai, Tamil Nadu	₹0.55 lacs	₹0.55 lacs	₹0.55 lacs	Implementing Agency - Association for Non-Traditional Employment for Women, a society registered under the Tamil Nadu Societies Act, 1975

BOARD'S REPORT

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs Local area or other 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; Direct expenditure on projects or programs Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
9.a.	HR-HPV Screening for Cervical Cancer	Promoting Healthcare	Local - Maharashtra	₹10 lacs	₹5 lacs	₹5 lacs	Implementing Agency- Cancer Patients Aid Association - a society registered under the Societies Registration Act, XXI of 1860
9.b.	Elimination of Cervical Cancer through HR-HPV Vaccination				₹5 lacs	₹5 lacs	
10.	Lovely Little Hearts	Promoting Healthcare	Pan India	₹12.5 lacs	₹12.5 lacs	₹12.5 lacs	Implementing Agency - Child Vision Foundation - a trust registered under the Bombay Public Trusts Act, 1950
11.	Shanmukh anandha Healthcare Centre	Promoting Healthcare	Local - Mumbai, Maharashtra	₹31 lacs	₹31 lacs	₹31 lacs	Implementing Agency - Shanmukhanandha Fine Arts and Sangeetha Sabha - a trust registered under the Bombay Public Trusts Act, 1950
12.	Mumbai Roti Bank	Humanitarian relief - Eradicating Hunger and Malnutrition	Local - Mumbai, Maharashtra	₹10 lacs	₹5 lacs	₹5lacs	Implementing Agency - Roti Foundation Mumbai - a trust registered under the Bombay Public Trusts Act, 1950
13.	Relief material to people affected by Cyclone Gaja	Humanitarian relief - Promoting Healthcare and Education	Tamil Nadu	₹10 lacs	₹7.1 lacs	₹7.1 lacs	Direct Spend

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 to ensure effective contribution to the society through deserving projects / organisations, the Company has hired a professional CSR consultant who helps the Company 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 efforts, your Company has during the year under review supported 15 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

Dinesh Kumar Mehrotra
(Chairman – CSR Committee)
DIN: 00142711

ANNEXURE V

CEO and CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

We, R. Sridhar, Executive Vice-Chairman & CEO and Pankaj Thapar, Chief Financial Officer, hereby certify that:

a. we have reviewed financial statements and the cash flow statement for the financial year ended 31 March 2019, 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.

	R. Sridhar	**Pankaj Thapar**
Place: Mumbai	Executive Vice-Chairman & CEO	Chief Financial Officer
Date: 20 May 2019	DIN: 00136697	

ANNEXURE VI

Business Responsibility Report for the Financial Year Ended March 31, 2019

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, 2018 to March 31, 2019
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)	Corporate Lending Vehicle Finance Small and Medium Enterprises Finance
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 over 150 branches spread across India
10.	Markets served by the Company – Local/State/National/International	Your Company serves the Local, State and National Markets of India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	92.27 crore
2.	Total Turnover (INR)	1,177.17 crore
3.	Total profit after taxes (INR)	255.13 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 2. Name 3. Designation	00136697 R. Sridhar Executive Vice-Chairman & CEO
(b)	Details of the BR head	
	1. DIN Number (if applicable) 2. Name 3. Designation 4. Telephone number 5. e-mail id	-- Pankaj Thapar Chief Financial Officer +91 22 4315 7000 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 well being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
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.html#codes-policies-wrap								
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 the Company.

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

#The Policies have been 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.

(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 is publishing its first BRR report for financial year 2018-19 as part of its Annual Report and will be published annually with the Annual Report for each year. The Annual Report is available on the Company's website at https://www.indostarcapital.com/investors.html#agm-wrap

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's value. The Company conducts its businesses 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	Nil
Complaints received during the year*	52
Complaints remaining unresolved at the end of the year	0
% of Complaints resolved	100%

*almost all the complaints were related to initial public offering of equity shares of the Company.

Customer Complaints

Complaints at the beginning of the year	0
Complaints received during the year	60
Complaints remaining unresolved at the end of the year	3
% of Complaints resolved	95%

Complaints, if any, received from other stakeholders were satisfactorily dealt with.

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 aims at providing 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 18 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: **1,151**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **None**
3. Please indicate the Number of permanent women employees: **152**
4. Please indicate the Number of permanent employees with disabilities: **1**
5. Do you have an employee association that is recognised by management: **No**
6. What percentage of your permanent employees are members of this recognised 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: **54%**

   (b) Permanent Women Employees: **11%**

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

   (d) Employees with Disabilities: **Not Applicable**

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

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 & marginalised stakeholders.**

   Yes

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised 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 recognised organisations engaged in social upliftment activities, the Company has supported various programs broadly in the field of education, women empowerment, health care 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 Bombay Chamber of Commerce & Industry, IMC Chamber of Commerce and Industry, Federation of Indian Chambers of Commerce, International Market Assessment Private Limited and All India Management Association.

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 through 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 the 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 these 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.**

   None.

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 behavior 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, 2019

[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 - 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	57.01%	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.	7,22,37,635	--	7,22,37,635	91.81	5,37,29,228	--	5,37,29,228	58.24	(33.57)
d) Banks/FI	--	--	--	--	--	--	--	--	--
e) Any Other									
Foreign Portfolio Investor	--	--	--	--	20,78,005	--	20,78,005	2.25	2.25
Sub-total (A)(2):-	**7,22,37,635**	**--**	**7,22,37,635**	**91.81**	**5,58,07,233**	**--**	**5,58,07,233**	**60.49**	**(31.32)**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**7,22,37,635**	**--**	**7,22,37,635**	**91.81**	**5,58,07,233**	**--**	**5,58,07,233**	**60.49**	**(31.32)**

BOARD'S REPORT

Category of Shareholders		No. of share held at the beginning of the year				No. of share held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total share	Demat	Physical	Total	% of Total share	
B.	**Public shareholding**									
1.	**Institutions**									
a)	Mutual Funds	--	--	--	--	1,06,36,994	--	1,06,36,994	11.53	11.53
b)	Banks/FI	--	--	--	--	17,072	--	17,072	0.02	0.02
c)	Central Government	--	--	--	--	--	--	--	--	--
d)	State Govt(s)	--	--	--	--	--	--	--	--	--
e)	Venture Capital Funds	--	--	--	--	--	--	--	--	--
f)	Insurance Companies	--	--	--	--	--	--	--	--	--
g)	FIIs/FPIs	--	--	--	--	93,21,236	--	93,21,236	10.10	10.10
h)	Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i)	Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-		**--**	**--**	**--**	**--**	**1,99,75,302**	**--**	**1,99,75,302**	**21.65**	**21.65**
2.	**Non-Institutions**									
a)	Bodies Corp.									
i)	Indian	--	--	--	--	--	--	--	--	--
ii)	Overseas	--	22,65,000	22,65,000	2.88	22,65,000	--	22,65,000	2.46	(0.42)
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹1 lakh	580	9,070	9,650	0.01	35,57,972	36	35,58,008	3.86	3.85
ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	35,45,671	6,21,303	41,66,974	5.30	39,59,810	--	39,59,810	4.29	(1.01)
c)	Others									
i)	Trust	--	--	--	--	16,32,151	--	16,32,151	1.77	1.77
ii)	Non-Resident Indian (NRI)	--	--	--	--	2,60,909	--	2,60,909	0.28	0.28
iii)	Clearing Members	--	--	--	--	93,323	--	93,323	0.10	0.10
iv)	Bodies Corporate	--	--	--	--	44,90,556	--	44,90,556	4.87	4.87
v)	NBFCs registered with RBI	--	--	--	--	77	--	77	Negligible	Negligible
vi)	Hindu Undivided Family	--	--	--	--	2,15,046	--	2,15,046	0.23	0.23
Sub-total (B)(2):-		**35,46,251**	**28,95,373**	**64,41,624**	**8.19**	**1,64,74,844**	**36**	**1,64,74,880**	**17.86**	**9.67**
Total Public Shareholding (B)=(B)(1)+(B)(2)		**35,46,251**	**28,95,373**	**64,41,624**	**8.19**	**3,64,50,146**	**36**	**3,64,50,182**	**39.51**	**31.32**
C.	**Shares held by Custodian for GDRs & ADRs**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Grand Total (A+B+C)		**7,57,83,886**	**28,95,373**	**7,86,79,259**	**100.00**	**9,22,57,379**	**36**	**9,22,57,415**	**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	7,11,02,635	90.37	0	5,25,94,228	57.01	0	(33.36)
2.	Everstone Capital Partners II LLC	11,35,000	1.44	0	11,35,000	1.23	0	(0.21)
3.	ECP III FVCI Pte Ltd	0	--	--	20,78,005	2.25	0	2.25
	Total	**7,22,37,635**	**91.81**	**0**	**5,58,07,233**	**60.49**	**0**	**(31.32)**

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	7,11,02,635	90.37	7,11,02,635	90.37
	Sale during the year - May 17, 2018 (Sale in Offer for Sale component of initial public offering of equity shares)	(1,85,08,407)	20.31	5,25,94,228	57.71
	At the end of the year	5,25,94,228	57.01^	5,25,94,228	57.01
Everstone Capital Partners II LLC	At the beginning of the year	11,35,000	1.44	11,35,000	1.44
	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	0	--	0	--
	Purchase during the year - August 31, 2018	1,00,000	0.11	1,00,000	0.11
	Purchase during the year - September 07, 2018	20,068	0.02	1,20,068	0.13
	Purchase during the year - September 14, 2018	79,932	0.09	2,00,000	0.22
	Purchase during the year – September 20, 2018	1,50,000	0.16	3,50,000	0.38
	Purchase during the year - September 29, 2018	6,16,925	0.67	9,66,925	1.05
	Purchase during the year - October 05, 2018	3,77,043	0.41	13,43,968	1.46
	Purchase during the year - October 12, 2018	2,48,171	0.27	15,92,139	1.73
	Purchase during the year - October 19, 2018	88,860	0.10	16,80,999	1.82

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 - December 28, 2018	1,66,961	0.18	18,47,960	2.00
	Purchase during the year - December 31, 2018	33,039	0.04	18,80,999	2.04
	Purchase during the year - January 4, 2019	39,315	0.04	19,20,314	2.08
	Purchase during the year - January 11, 2019	83,736	0.09	20,04,050	2.17
	Purchase during the year - January 18, 2019	16,949	0.02	20,20,999	2.19
	Purchase during the year – March 26, 2019	12,410	0.01	20,33,409	2.20
	Purchase during the year - March 27, 2019	25,302	0.03	20,58,711	2.23
	Purchase during the year - March 28, 2019	19,294	0.02	20,78,005	2.25
	At the end of the year	20,78,005	2.25	20,78,005	2.25

^Due to issue of shares during the year, the percentage of shares held to share capital as at the end of the 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		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
SBI Equity Hybrid Fund	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	9,49,448	1.04	9,49,448	1.04
	Purchase during the year - May 25, 2018	33,04,972	3.63	42,54,420	4.67
	Purchase during the year – June 01, 2018	4,25,593	0.47	46,80,013	5.14
	Purchase during the year – June 08, 2018	3,19,814	0.35	49,99,827	5.49
	Purchase during the year – June 15, 2018	2,45,610	0.27	52,45,437	5.76
	Purchase during the year – June 22, 2018	2,16,799	0.24	54,62,236	5.99

Name	Particulars	Shareholding		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 – August 10, 2018	31,164	0.03	54,93,400	5.96
	Purchase during the year - August 17, 2018	73,500	0.08	55,66,900	6.04
	Purchase during the year - August 24, 2018	3,25,336	0.35	58,92,236	6.39
	Purchase during the year - August 31, 2018	26,800	0.03	59,19,036	6.42
	Purchase during the year - September 07, 2018	34,600	0.04	59,53,636	6.45
	Purchase during the year - September 29, 2018	5,70,000	0.62	65,23,636	7.07
	Purchase during the year – October 19, 2018	1,00,000	0.11	66,23,636	7.18
	Purchase during the year - October 26, 2018	2,000	Negligible	66,25,636	7.18
	Purchase during the year - December 21, 2018	2,45,000	0.27	68,70,636	7.45
	Purchase during the year - March 08, 2019	17,633	0.02	68,88,269	7.47
	Purchase during the year - March 15, 2019	36,151	0.04	69,24,420	7.51
	Purchase during the year – March 22, 2019	76,355	0.08	70,00,775	7.59
	Purchase during the year – March 29, 2019	2,21,161	0.24	72,21,936	7.83
	At the end of the year	72,21,936	7.83	72,21,936	7.83
Fidelity Investment Trust Fidelity Series Emerging Markets Opportunities Fund	At the beginning of the year	0	--	0	--
	Purchase during the year – May 18, 2018	4,74,054	0.52	4,74,054	0.52
	Purchase during the year – May 25, 2018	7,16,746	0.79	11,90,800	1.31
	Purchase during the year – June 01, 2018	88,381	0.10	12,79,181	1.40
	Purchase during the year – June 08, 2018	1,39,631	0.15	14,18,812	1.56

BOARD'S REPORT

Name	Particulars	Shareholding		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 - October 12, 2018	5,35,110	0.58	19,53,922	2.12
	Purchase during the year - October 19, 2018	1,75,023	0.19	21,28,945	2.31
	Purchase during the year - October 26, 2018	19,951	0.02	21,48,896	2.33
	Purchase during the year - November 23, 2018	3,800	Negligible	21,52,696	2.33
	Purchase during the year - November 30, 2018	11,900	0.01	21,64,596	2.35
	Purchase during the year – December 07, 2018	1,39,200	0.15	23,03,796	2.50
	Purchase during the year - March 29, 2019	5,676	0.01	23,09,472	2.50
	At the end of the year	23,09,472	2.50	23,09,472	2.50
Mission Street Pte. Limited	At the beginning of the year	22,65,000	2.88	22,65,000	2.88
	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	2.46^	22,65,000	2.46
Lenarco Limited	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	5,23,707	0.57	5,23,707	0.57
	Purchase during the year - May 25, 2018	13,90,000	1.53	19,13,707	2.10
	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	0	--	0	--
	Purchase during the year – May 18, 2018	8,45,408	0.93	8,45,408	0.93
	Purchase during the year – May 25, 2018	5,00,000	0.55	13,45,408	1.48
	Purchase during the year – June 01, 2018	1,10,830	0.12	14,56,238	1.60
	Purchase during the year - June 08, 2018	79,242	0.09	15,35,480	1.68

Name	Particulars	Shareholding		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 - June 15, 2018	57,272	0.06	15,92,752	1.75
	Purchase during the year - June 22, 2018	10,740	0.01	16,03,492	1.76
	Purchase during the year - June 30, 2018	25,731	0.03	16,29,223	1.77
	Purchase during the year - July 06, 2018	30,000	0.03	16,59,223	1.80
	Purchase during the year - July 20, 2018	16,000	0.02	16,75,223	1.82
	Purchase during the year - July 27, 2018	50,000	0.05	17,25,223	1.87
	Purchase during the year - August 24, 2018	2,015	Negligible	17,27,238	1.87
	Purchase during the year - September 29, 2018	80,000	0.09	18,07,238	1.96
	Purchase during the year - October 26, 2018	4,622	0.01	18,11,860	1.96
	Purchase during the year - December 7, 2018	1,921	Negligible	18,13,781	1.97
	Purchase during the year - March 22, 2019	14,971	0.02	18,28,752	1.98
	Purchase during the year - March 29, 2019	12,603	0.01	18,41,355	2.00
	At the end of the year	18,41,355	2.00	18,41,355	2.00
HDFC Trustee Company Ltd. A/C HDFC Capital Builder Value Fund	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	11,06,185	1.21	11,06,185	1.21
	Purchase during the year - May 25, 2018	3,20,000	0.35	14,26,185	1.56
	Purchase during the year - July 13, 2018	1,00,000	0.11	15,26,185	1.65
	Purchase during the year - July 20, 2018	50,000	0.05	15,76,185	1.71
	Purchase during the year - July 27, 2018	2,25,000	0.24	18,01,185	1.95
	Purchase during the year - August 03, 2018	84,000	0.09	18,85,185	2.04
	Sale during the year - August 17, 2018	(99,514)	(0.11)	17,85,671	1.94

BOARD'S REPORT

Name	Particulars	Shareholding		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 - August 24, 2018	1,05,000	0.11	18,90,671	2.05
	Purchase during the year - September 29, 2018	2,50,000	0.27	21,40,671	2.32
	Purchase during the year - November 09, 2018	1,47,000	0.16	22,87,671	2.48
	Sale during the year - November 30, 2018	(1,35,000)	(0.15)	21,52,671	2.33
	Sale during the year - December 07, 2018	(11,500)	(0.01)	21,41,171	2.32
	Sale during the year - December 21, 2018	(2,46,541)	(0.27)	18,94,630	2.05
	Sale during the year - December 28, 2018	(50,000)	(0.05)	18,44,630	2.00
	Sale during the year - January 04, 2019	(67,607)	(0.07)	17,77,023	1.93
	Purchase during the year - January 11, 2019	30,722	0.03	18,07,745	1.96
	Purchase during the year - January 25, 2019	2,600	Negligible	18,10,345	1.96
	At the end of the year	18,10,345	1.96^	18,10,345	1.96
Ms. Laxmi Shivanand Mankekar, jointly with Mr. Shivanand Shankar Mankekar, jointly with Mr. Kedar Shivanand Mankekar	At the beginning of the year	16,66,600	2.12	16,66,600	2.12
	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	16,66,600	1.81^	16,66,600	1.81
Edelweiss Alternative Investment Opportunities Trust – Edelweiss Crossover Opportunities Fund	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	5,31,228	0.58	5,31,228	0.58
	Purchase during the year - May 25, 2018	4,89,122	0.54	10,20,350	1.12
	Purchase during the year – June 01, 2018	128	Negligible	10,20,478	1.12
	Purchase during the year – June 08, 2018	2,44,573	0.27	12,65,051	1.39
	Purchase during the year – July 06, 2018	66,600	0.07	13,31,651	1.44

Name	Particulars	Shareholding		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 – July 20, 2018	11,000	0.01	13,42,651	1.46
	Purchase during the year – March 08, 2019	2,89,500	0.31	16,32,151	1.77
	At the end of the year	16,32,151	1.77	16,32,151	1.77
National Westminster Bank Plc as Trustee of the Jupiter India Fund	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	4,37,034	0.48	4,37,034	0.48
	Purchase during the year - May 25, 2018	4,93,059	0.54	9,30,093	1.02
	Purchase during the year - June 22, 2018	2,55,827	0.28	11,85,920	1.30
	Purchase during the year - July 06, 2018	79,795	0.09	12,65,715	1.37
	Purchase during the year - July 13, 2018	1,18,129	0.13	13,83,844	1.50
	Purchase during the year - November 16, 2018	24,138	0.03	14,07,982	1.53
	Purchase during the year - February 22, 2019	8,696	0.01	14,16,678	1.54
	Purchase during the year - March 01, 2019	27,929	0.03	14,44,607	1.57
	Purchase during the year - March 08, 2019	34,531	0.04	14,79,138	1.60
	At the end of the year	14,79,138	1.60	14,79,138	1.60
Amundi Funds SBI FM Equity India	At the beginning of the year	0	--	0	--
	Purchase during the year - May 18, 2018	3,79,514	0.42	3,79,514	0.42
	Purchase during the year - May 25, 2018	9,00,000	0.99	12,79,514	1.40
	Purchase during the year - June 22, 2018	1,20,486	0.13	14,00,000	1.54
	At the end of the year	14,00,000	1.52^	14,00,000	1.52

^Due to issue of shares during the year, the percentage of shares held to share capital as at the end of the 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	0.40	3,17,460	0.40
	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. Dhanpal Jhaveri (Non-Executive Chairman)	At the beginning of the year	0	--	0	--
	*Purchase during the year - May 21, 2018	1,000	Negligible	1,000	Negligible
	*At the end of the year	1,000	Negligible^	1,000	Negligible
Mr. Pankaj Thapar (Chief Financial Officer)	At the beginning of the year	33,843	0.04	33,843	0.04
	Purchase during the year - April 09, 2018	4,200	0.01	38,043	0.05
	Purchase during the year - July 06, 2018	21,500	0.02	59,543	0.06
	At the end of the year	59,543	0.06^	59,543	0.06
Mr. Jitendra Bhati (Company Secretary)	At the beginning of the year	10	Negligible	10	Negligible
	Purchase during the year - April 09, 2018	7,490	0.01	7,500	0.01
	Purchase during the year - June 26, 2018	1,500	Negligible	9,000	0.01
	At the end of the year	9,000	0.01^	9,000	0.01

^Due to issue of shares during the year, the percentage of shares held to share capital as at the end of the 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. Sameer Sain, Mr. Alok Oberoi, 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..

V. 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	3,47,464.37	1,34,811.45	0	4,82,275.82
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	6,067.73	0	0	6,067.73
Total (i+ii+iii)	**3,53,532.10**	**1,34,811.45**	**0**	**4,88,343.55**
Change in Indebtedness during the financial year				
• Addition	4,55,058.60	3,35,853.13	0	7,90,911.73
• Reduction	1,38,176.32	2,38,000.00	0	3,76,176.32
Net Change	**3,16,882.28**	**97,853.13**	**0**	**4,14,735.41**
Indebtedness at the end 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**

*includes Commercial Papers

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Mr. R Sridhar, Whole-Time Director:

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Total Amount
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	550.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	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 (Reimbursements)	6.00
	Total (A)	**556.40**
	Ceiling as per the Companies Act, 2013 ("Act"): ₹2,006.44 lacs as on financial year ended March 31, 2019 (Being 5% of the net profits of the Company as calculated under Section 198 of the Act)	

B. Remuneration to other Directors:

(₹ in lacs)

Independent Directors 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	8.50	7.25	4.95	4.70	25.40
#Commission	10.00	10.00	10.00	10.00	40.00
Others, please specify	--	--	--	--	--
Total (1)	**18.50**	**17.25**	**14.95**	**14.70**	**65.40**

#Commission for the financial year 2018-19 paid during the financial year 2019-20

Other Non-Executive Directors Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Dhanpal Jhaveri	Mr. Sameer Sain	Mr. Alok Oberoi	
Fee for attending board / committee meetings	--	--	--	--
Commission	--	--	--	--
Others, please specify	--	--	--	--
Total (2)	**--**	**--**	**--**	**--**
Total (B)=(1+2)				**65.40**
Ceiling as per the Act	₹401.29 lacs as on financial year ended March 31, 2019 (Being 1% of the net profits of the Company as calculated under Section 198 of the Act)			
Total Managerial Remuneration (A+B)				**621.80**
Overall Ceiling as per the Act	₹2,407.73 lacs as on financial year ended March 31, 2019 (Being 6% of the net profits of the Company as calculated under Section 198 of the Act)			

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

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		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	310.00	89.65	399.65
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.30	--	0.30
	(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 (Reimbursements)	3.97	--	3.97
	Total	**314.27**	**89.65**	**403.92**

VII. 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, 2019:

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	15,73,500
Number of options vested	12,49,154	22,54,277	7,92,100	0	0
Number of options exercised	11,05,964	41,500	1,97,000	0	0
Total number of shares arising as a result of exercise of options	11,05,964	41,500	1,97,000	0	0
Number of options lapsed / cancelled	2,34,590	4,62,259	2,61,500	1,69,500	1,37,500
Exercise Price of the options exercised in ₹/ per equity share	₹140 for 1,49,000 options ₹145 for 1,00,000 options ₹149.37 for 2,54,710 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	₹2,089.13 lacs	₹104.63 lacs	506.85 lacs	NA	NA
Total number of options in force	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000

- **Details of options granted to Key Managerial Personnel :**

Sr. No.	Name	Designation	Options granted during the year ended March 31, 2019					Options in force as on March 31, 2019				
			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	--	--	--	--	--	1,66,300	5,00,000	--	--	--
2.	Mr. Jitendra Bhati	Company Secretary	--	--	--	--	--	2,000	--	54,000	--	--
3.	Mr. R. Sridhar	Executive Vice-Chairman & CEO	--	--	--	--	--	--	--	--	14,28,500	9,83,000

- **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

- **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

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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.

Currently the Board of your Company comprises 8 Directors of which 4 are Non-Executive Independent Directors, 2 are Non-Executive Non-Independent Directors and 2 are 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 inter-se 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 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 on the Board of your Company as on March 31, 2019, are given below:

Name of Director	Category	*Number of directorship(s) in other companies	#Details of directorships in other listed entities	@Number of Committee Membership (Chairmanships) in other companies
Mr. Dhanpal Jhaveri (Chairman)	Non-Executive Director	15	0	0
Mr. R. Sridhar (Executive Vice-Chairman & CEO)	Executive Director	1	0	0
Mr. Sameer Sain (resigned w.e.f. June 26, 2019)	Non-Executive Director	2	0	1 (0)
Mr. Alok Oberoi	Non-Executive Director	1	0	0
Mr. Bobby Parikh	Non-Executive Independent Director	8	- Biocon Limited (Independent Director) - Aditya Birla Sunlife AMC Limited (Independent Director)	3(2)
Mr. Dinesh Kumar Mehrotra	Non-Executive Independent Director	8	- V L S Finance Limited (Independent Director) - Indian Energy Exchange Limited (Independent Director) - UTI Asset Management Company Limited (Independent Director)	4(1)
Mr. Hemant Kaul	Non-Executive Independent Director	6	- Transcorp International Limited (Independent Director) - Ashiana Housing Limited (Independent Director)	2(1)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	1	0	0

* Includes directorship(s) in public companies and private companies, but does not include directorship(s) in foreign companies.

#Listed entity means an entity which has listed, on a recognised stock exchange(s), the following securities issued by it or issued under schemes managed by it: equity shares, convertible securities, non-convertible debt securities, non-convertible redeemable preference shares, perpetual debt instrument, perpetual non-cumulative preference shares, Indian depository receipts, securitised debt instruments, security receipt and units issued by mutual funds

@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 in 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, 2019 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, 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 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 06, 2018, May 30, 2018, August 10, 2018, September 27, 2018, October 31, 2018, December 12, 2018 and February 02, 2019. 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, 2019 is given below:

Name of the Directors	No. of Meetings attended*	Attendance at the previous AGM
Mr. Dhanpal Jhaveri	7	Yes
Mr. R. Sridhar	7	Yes
Mr. Sameer Sain	3	No
Mr. Alok Oberoi	2	No
Mr. Bobby Parikh	7	Yes
Mr. Dinesh Kumar Mehrotra	7	Yes
Mr. Hemant Kaul	4	Yes
Ms. Naina Krishna Murthy	4	No

*Director(s) also participated in Board Meeting(s) through tele-conference mode; however attendance through such mode is not included above.

INDEPENDENT DIRECTORS

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promote confidence of the investment community, particularly minority shareholders and regulators in the institution of independent directors. Half of the Board of Directors of your Company consists of Independent Directors.

All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and the Listing Regulations.

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 25, 2019 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting.

At their Meeting, the Independent Directors evaluated and assessed the performance of the Non-Executive Non-Independent Directors, the Executive Director, 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 the Securities and Exchange Board of India ("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. Sameer Sain, Mr. Dhanpal Jhaveri and Mr. R. Sridhar.

During the year under review, the Credit Committee met 4 (four) times on May 30, 2018, August 10, 2018, October 31, 2018 and February 02, 2019. 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. Sameer Sain	Chairman	1
Mr. Dhanpal Jhaveri	Member	4
Mr. R. Sridhar	Member	4

Subsequent to the year under review, the Credit Committee was reconstituted by appointing Mr. Shailesh Shirali as Chairman of the Committee in place of Mr. Sameer Sain.

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 referenced 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 April 06, 2018, May 30, 2018, August 10, 2018, October 31, 2018 and February 02, 2019. 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 September 27, 2018.

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	5
Mr. Hemant Kaul	Member	3
Ms. Naina Krishna Murthy	Member	3

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 utilisation 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 utilisation 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. Sameer Sain.

During the year under review, the ALCO met 4 (four) times on May 30, 2018, August 10, 2018, October 31, 2018 and February 02, 2019. 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	4
Mr. Sameer Sain	Member	1

Subsequent to the year under review, the ALCO was reconstituted by appointing Mr. Shailesh Shirali as Member of the Committee in place of Mr. Sameer Sain.

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. Pankaj Thapar and Mr. Prashant Joshi.

During the year under review, the RMC met 4 (four) times on May 30, 2018, August 10, 2018, October 31, 2018 and February 02, 2019. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the RMC by way of resolutions passed through circulation, from time to time.

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	2
Mr. R. Sridhar	Member	4
Mr. Pankaj Thapar	Member	4
*Mr. Sanjay Athalye	Member	1
**Mr. Prashant Joshi	Member	2

*Ceased to be a Member from August 10, 2018
**Appointed as a Member from August 10, 2018.

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 once on August 10, 2018. 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 NRC 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. Bobby Parikh	Chairman	1
Mr. Dhanpal Jhaveri	Member	1
Mr. Alok Oberoi	Member	-
Mr. Hemant Kaul	Member	-

*Members also participated in NRC Meeting through tele-conference mode; however attendance through such mode is not included above.

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, 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 to the Board of Directors, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulating and administering 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 2 (two) times on August 10, 2018 and February 02, 2019. The required quorum was present at all the above meeting(s). 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(s) held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended
Mr. Dinesh Kumar Mehrotra	Chairman	2
Mr. Dhanpal Jhaveri	Member	2
Mr. R. Sridhar	Member	2
Ms. Naina Krishna Murthy	Member	1

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. Sameer Sain.

During the year under review, the Debenture Committee met 7 (seven) times on April 10, 2018, April 25, 2018, May 25, 2018, June 18, 2018, October 31, 2018, January 03, 2019 and February 15, 2019. 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	7
Mr. R. Sridhar	Member	7
Mr. Sameer Sain	Member	1

Subsequent to the year under review, the Debenture Committee was reconstituted by appointing Mr. Shailesh Shirali as Member of the Committee in place of Mr. Sameer Sain.

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 February 02, 2019. All the members of the Committee were 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 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

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, 52 complaints were received from investors / shareholders of the Company, all of which have been resolved to the satisfaction of the shareholders and none were pending as on March 31, 2019. All the complaints except 1 were related to the initial public offering of equity shares of the Company.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

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

During the year under review, the IT Strategy Committee met 2 (two) times on June 26, 2018 and December 12, 2018. 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	2
Mr. Pankaj Thapar	Member	1
Mr. Prashant Joshi	Member	2
Mr. Pradeep Kumar	Member	2

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), Mr. Pankaj Thapar, Mr. Shailesh Shirali, Mr. Prashant Joshi, Ms. Mamata Pradhan and Ms. Srividya Sriram (External Member from an association committed to the cause of women).

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 and the District Officer, and monitoring and implementing the Company's Care and Dignity Policy.

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee comprises of Mr. Pankaj Thapar (Grievance Redressal Officer) and Mr. R. Sridhar.

During the year under review, the Committee met once on October 31, 2018.

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, 2019.

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 and Mr. Pankaj Thapar.

During the year under review, the Committee met 5 (five) times on June 12, 2018, June 27, 2018, August 16, 2018, October 31, 2018 and February 02, 2019.

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 Mr. Pankaj Thapar, Mr. Shailesh Shirali and Mr. Jayant Gunjal.

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 and Mr. Pankaj Thapar.

The Corporate Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Shailesh Shirali and Mr. Pankaj Thapar.

The Retail Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Prashant Joshi and Mr. Pankaj Thapar.

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 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, 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, update and report to the Credit Committee and 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 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, categorisation, 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 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.

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 http://www.indostarcapital.com/investors.html#codes-policies-wrap.

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 NBFCs 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.

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 victimisation 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 victimisation 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 personnel 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.html#codes-policies-wrap.

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 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 http://www.indostarcapital.com/investors.html#codes-policies-wrap.

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 authorised 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.

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.html#codes-policies-wrap.

Details of Remuneration paid to Non-Executive Directors of the Company during the year under review are mentioned below:

(₹ in lacs)

Name of the Director	Sitting Fees	*Commission	Total
Mr. Bobby Parikh	8.50	10	18.50
Mr. Dinesh Kumar Mehrotra	7.25	10	17.25
Mr. Hemant Kaul	4.95	10	14.95
Ms. Naina Krishna Murthy	4.70	10	14.70

*Commission for the financial year 2018-19 paid during the financial year 2019-20.

Non-Executive Directors other than Independent Directors were not paid any remuneration during the year under review. 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 http://www.indostarcapital.com/investors.html#codes-policies-wrap.

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 and commission as disclosed herein above.

In terms of the Remuneration Policy of the Company, Executive Directors are paid remuneration by way of monthly salary / fixed component as per approved terms, which comprises salary, contribution to provident fund, allowances, mediclaim, gratuity, etc. Further, in terms of the Remuneration Policy, Executive Directors may also be paid variable compensation based on Director's contribution towards the Company's growth.

Mr. R. Sridhar, Executive Vice-Chairman & CEO of the Company, in addition to remuneration by way of monthly salary and variable performance linked compensation, is 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), medical insurance including for his dependents, and life insurance as per the Company's group medical / term insurance policies. Mr. Sridhar is 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.

Mr. Shailesh Shirali, appointed as a Whole-Time Director of the Company, with effect from June 26 2019, is entitled to fixed salary and performance linked variable compensation, medical insurance including his immediate family, and life insurance as per the Company's group mediclaim and term insurance policies. Mr. Shirali employment with the Company can be terminated either by the Company or Mr. Shirali by giving three months notice or salary in lieu there of. There is no separate provision for payment of severance fees. Further, Mr, Shirali holds 17,60,777 stock options of the Company.

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.html#codes-policies-wrap.

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.html#codes-policies-wrap.

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. The CSR Policy is available on the website of the Company at http://www.indostarcapital.com/investors.html#codes-policies-wrap.

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 is 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 directors and the Chairperson, is circulated to the Directors. Performance ratings are given by the Directors on the questionnaire circulated for each category to be evaluated.
- Based on Independent Director's feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluate the performance of Non-Independent Directors, the Board as a whole and the Chairman;
- Further, based on evaluation by Independent Directors, feedback on questionnaire by other Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analyses 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 & internal controls, development of strategy and risk management; communication with other Board members, senior management and shareholders; attendance and participation at the meetings of the Board and the Committees; 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; extending individual proficiency and experience for effective functioning and operation of the Board, 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.

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.

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
2015 – 2016	September 7, 2016	12:00 noon	• Increase in borrowing limits for the Company • Creation of security / charge on the assets of the Company • Issue of non-convertible debentures under private placement	One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
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 – 400025

During the year under review, the Company did not convene any Extraordinary General Meetings and no resolutions were passed through postal ballot.

None of the businesses 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 the 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;
- 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	10th Annual General Meeting Date: August 30, 2019 Time: 03:00 p.m. (IST) Venue: Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai - 400018
Financial Year	April 1 to March 31
Dividend Payment Date	Final Dividend for financial year 2018-19, if approved by the shareholders of the Company will be paid on or before September 29, 2019
Date of Book Closure	Saturday, August 24, 2019 to Friday, August 30, 2019 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited *(Equity Shares and Non-Convertible Debentures)* Phiroze Jeejeeboy Towers, Dalal Streets, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited *(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	The Stakeholders Relationship Committee (SRC) constituted by the Board of Directors of the Company was authorised to approve transfer of equity shares in physical form. Further, in terms of the Listing Regulations, from April 1, 2019, the equity shares of the Company can be transferred only in dematerialised form.
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading 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, 2019, out of 9,22,57,415 equity shares, 9,22,57,379 equity shares of the Company (99.99% of the equity share capital of the Company) were held in dematerialised 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
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 revisions, if any.	**LONG TERM:**	
	Debt Programme	
	CARE Ratings Limited	CARE AA-; Positive
	India Ratings & Research Private Limited (Fitch Group)	IND AA-/Stable
	Market Linked Debentures	
	CARE Ratings Limited	CARE PP-MLD AA-; Positive
	SHORT TERM DEBT PROGRAMME/COMMERCIAL PAPER:	
	CARE Ratings Limited	CARE A1+
	ICRA Limited	[ICRA] A1+
	CRISIL Limited	CRISIL A1+
	During the year under review, the outlook of rating assigned by CARE Ratings Limited to the Long Term Debt Programme of the Company including Market Linked Debentures, was upgraded from "Stable" to "Positive".	

Distribution of Shareholding as on March 31, 2019:

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	1,08,810	99.52	32,65,249	3.54
2.	501-1000	223	0.20	1,66,164	0.18
3.	1001-2000	103	0.09	1,54,705	0.17
4.	2001-3000	30	0.03	75,425	0.08
5.	3001-4000	26	0.02	94,962	0.10
6.	4001-5000	22	0.02	1,04,109	0.11
7.	5001-10000	32	0.03	2,46,424	0.27
8.	10001 & above	94	0.09	8,81,50,377	95.55
Total		**1,09,340**	**100.00**	**9,22,57,415**	**100.00**

Shareholding Pattern as on March 31, 2019:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1.	Promoter	5,25,94,228	57.01
2.	Promoter Group	32,13,005	3.48
	Total (A)	**5,58,07,233**	**60.49**

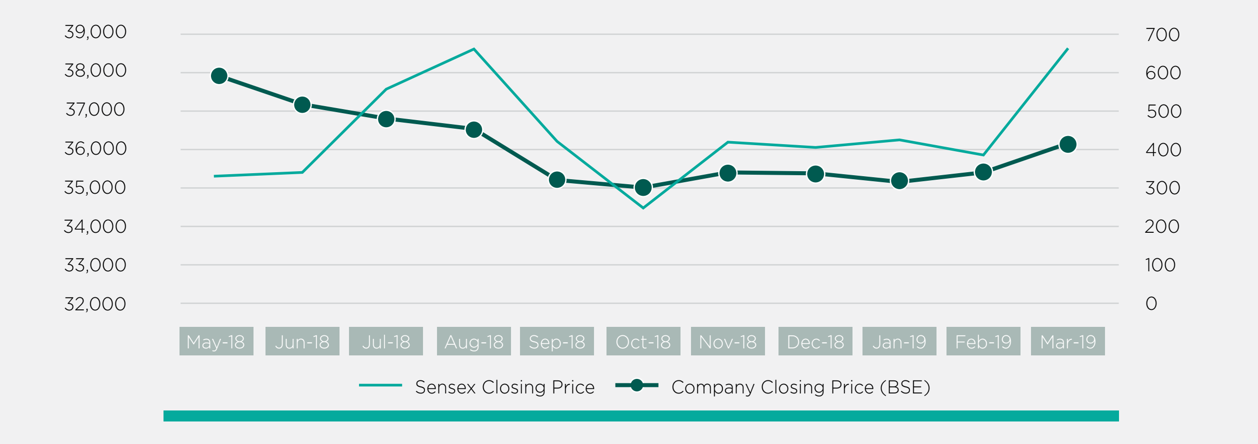
Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
B	**Public**		
1.	Mutual Funds	1,06,36,994	11.53
2.	Foreign Portfolio Investors	93,21,236	10.10
3.	Financial Institutions / Banks	17,072	0.02
4.	Individuals	75,17,818	8.15
5.	Non-Resident Indians	2,60,909	0.28
6.	Bodies Corporate	44,90,556	4.87
7.	Others	42,05,597	4.56
	Total (B)	**3,64,50,182**	**39.51**
Total (A+B)		**9,22,57,415**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2019:

*Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
May 2018	606.60	578.50	607.80	572.30
June 2018	589.05	496.25	590.00	496.30
July 2018	534.45	435.25	536.95	432.90
August 2018	504.95	434.35	506.85	433.00
September 2018	477.00	317.00	480.00	314.05
October 2018	323.30	275.00	324.00	275.80
November 2018	377.95	292.20	374.00	292.45
December 2018	357.45	302.05	359.00	307.00
January 2019	360.00	315.00	365.00	315.00
February 2019	355.00	301.65	355.00	302.00
March 2019	426.55	330.20	425.70	338.05

*Equity Shares of the Company got listed on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018, and hence equity share price data of the Company for April 2018 is not disclosed.

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2019:



*Equity Shares of the Company got listed on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018, and hence comparison for April 2018 is not disclosed.

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2019:

*Equity Shares of the Company got listed on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018, and hence comparison for April 2018 is not disclosed.

OTHER DISCLOSURES

Materially significant related party transactions: During the year under review, the Company had not entered into 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 paragraphic C, D and E of Schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2019. 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 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, 2019 is unqualified;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons; and
- The internal auditors of the Company report directly to the Audit Committee of the Board.

Payment made to Statutory Auditor of the Company

Total fees for all services by the Company and its subsidiaries paid to statutory auditors during the year under review:

₹ in lacs

Services / Particulars	Amount
Services related to Initial Public Offering of equity shares	182.84
Statutory and Tax Audit	76.39
Certification	10.10
Out of pocket expenses	0.25

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, 2019.

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, 2019.

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

Place: Mumbai
Date: May 20, 2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS PURSUANT TO POINT 10(i) OF PARAGRAPH C OF SCHEDULE V OF THE 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, 2019.

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 that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2019, 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 / the Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. R. Sridhar	00136697
2.	Mr. Dhanpal Jhaveri	02018124
3.	Mr. Sameer Sain	01164185
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

Place: Mumbai
Date: May 20, 2019

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, 2019.

During the year under review, the Company concluded the initial public offering of its equity shares which got listed on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018. Accordingly, the Company was required to comply with the conditions of Corporate Governance as specified in the Listing Regulations for equity listed companies, subsequent to May 21, 2018.

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 the 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, 2019.

In our opinion based on the information and the explanations furnished to us by the Company, its officers, agents and authorised representative, we certify that the Company has during the financial year ended March 31, 2019 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 and as applicable to the Company.

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

Place: Mumbai
Date: May 20, 2019

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FINANCIAL STATEMENT

CONTENTS

INDEPENDENT AUDITOR'S REPORT
AS AT MARCH 31, 2019

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 2019, 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 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, 2019, its profit 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.

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, 2019. 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
Transition to Ind AS accounting framework (as described in note 42 of the Standalone Ind AS financial statements)	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Company has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended	Our audit procedures includes: • Read the Ind AS impact assessment performed by the management to identify areas to be impacted on account of Ind AS transition. • Understood the financial statement closure process established by the Company for transition to Ind AS. • Read changes made to the accounting policies in light of the requirements of the new framework.

Key audit matters	How our audit addressed the key audit matter
March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes relating to financial reporting, including generation of reliable and supportable information. In view of the complexity arising from implementing the principles of Ind AS at the transition date, which could result in a misstatement in these Ind AS financials statements, this has been an area of key focus in our audit.	• Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Assessed the judgement applied by the Company in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed disclosures included in the Ind AS financial statements in accordance with the requirements of Ind AS 101, with respect to the previous periods presented.
Impairment of financial asset (expected credit loss) (as described in note 25 of the standalone Ind AS financial statements)	
Ind AS 109 requires the Company to provide for impairment of its financial assets using the Expected Credit Loss ('ECL') approach involving an estimation of probability of loss on the financial assets 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. In the process, a significant degree of judgement has been applied by the management in respect of following matters: a) The Company has various loan products divided into Corporate loan portfolio, SME loan portfolio and vehicle finance portfolio. SME and vehicle finance loans are grouped into different categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics. Corporate loan portfolio is assessed on a case to case basis. b) Estimation of losses in respect of those groups of loans which had no/ minimal defaults in the past. c) Staging of loans and estimation of behavioral life. d) Management overlay for macro-economic factors and estimation of their impact on the credit quality.	Our audit procedures included : • Reading the Company's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • Assessed the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets and determining the Probability-weighted Default (PD) and Loss Given Default (LGD) rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. We also reviewed a sample of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Performed sample testing to ascertain the completeness of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Assessed the disclosures included in the Ind AS financial statements with respect to such allowance / estimate in accordance with the requirements of Ind AS 109 and Ind AS 107.

INDEPENDENT AUDITOR'S REPORT AS AT MARCH 31, 2019

Key audit matters	How our audit addressed the key audit matter
The Company has developed models that derive key assumptions used within the provision calculation such as Probability of Default (PD) and Loss Given Default (LGD). The output of these models is then applied to the provision calculation with other information including and the Exposure At Default (EAD).	
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 accurate financial reporting.	Our audit procedures included: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. • Tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorisation. • In addition to the above, we 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 system 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, 2019 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.

INDEPENDENT AUDITOR'S REPORT
AS AT MARCH 31, 2019

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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (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
Place of Signature: Mumbai
Date: May 20, 2019

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 utilised the monies raised by way of initial public offer of equity shares and 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 utilisation 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 explanations given by the management, the managerial remuneration has been paid / provided in

INDEPENDENT AUDITOR'S REPORT AS AT MARCH 31, 2019

accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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
Place of Signature: Mumbai
Date: May 20, 2019

ANNEXURE 2

to the Independent Auditor's Report of even date on the Standalone Ind as Financial Statements of Indostar Capital Finance Limited

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, 2019 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, 2019, 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
Place of Signature: Mumbai
Date: May 20, 2019

BALANCE SHEET
AS AT MARCH 31, 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
I. ASSETS				
Financial assets				
Cash and cash equivalents	3	1,04,837.72	12,245.19	4,642.35
Bank balances other than cash and cash equivalents	4	3,558.59	-	813.58
Loans	5	10,18,310.99	5,84,950.37	5,05,358.54
Investments	6	50,159.10	1,06,704.58	19,676.24
Other financial assets	7	5,008.28	507.64	173.14
		11,81,874.68	**7,04,407.78**	**5,30,663.85**
Non-financial assets				
Current tax assets (net)	8	3,576.49	-	-
Deferred tax assets (net)	9	1,755.49	6,314.89	4,985.96
Property, plant and equipment	10	6,374.17	5,023.82	691.67
Capital work-in-progress		-	830.13	-
Goodwill		30,018.69	-	-
Intangible assets	11	305.76	301.90	187.92
Other non-financial assets	12	3,859.87	2,490.98	1,427.92
		45,890.47	**14,961.72**	**7,293.47**
TOTAL ASSETS		**12,27,765.15**	**7,19,369.50**	**5,37,957.32**
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables	13			
(i) total outstanding to micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,531.98	897.06	422.68
Debt securities	14	3,49,957.06	2,44,956.99	1,81,314.90
Borrowings (other than debt securities)	15	5,40,522.56	2,37,318.83	1,56,014.54
Other financial liabilities	16	31,797.95	25,956.75	15,222.09
		9,23,809.55	**5,09,129.63**	**3,52,974.21**
Non-financial liabilities				
Current tax liabilities (net)	17	-	923.04	1,040.64
Provisions	18	564.29	391.52	182.21
Other non-financial liabilities	19	401.93	524.97	47.43
		966.22	**1,839.53**	**1,270.28**
TOTAL LIABILITIES		**9,24,775.77**	**5,10,969.16**	**3,54,244.49**
Equity				
Equity share capital	20	9,225.74	7,867.93	7,836.18
Other equity	21	2,93,763.64	2,00,532.41	1,75,876.65
TOTAL EQUITY		**3,02,989.38**	**2,08,400.34**	**1,83,712.83**
TOTAL LIABILITIES AND EQUITY		**12,27,765.15**	**7,19,369.50**	**5,37,957.32**
Significant Accounting Policies	2			

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer
Place: Mumbai
Date: May20, 2019

Jitendra Bhati
Company Secretary

INDOSTAR

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	22		
Interest income		1,06,345.02	76,170.02
Fees and commission income		5,438.50	1,532.32
Net gain on fair value changes		4,110.21	986.01
Gain on derecognition of financial instruments measured at amortised cost category		1,823.00	-
Total revenue from operations		**1,17,716.73**	**78,688.35**
Other income	23	-	5.84
Total income		**1,17,716.73**	**78,694.19**
Expenses			
Finance costs	24	56,129.75	32,554.60
Impairment on financial instruments	25	1,631.01	(392.86)
Employee benefit expenses	26	12,260.29	9,728.48
Depreciation and amortisation expenses	27	1,672.13	447.72
Other expenses	28	6,757.37	3,947.32
Total expenses		**78,450.55**	**46,285.26**
Profit before tax		**39,266.18**	**32,408.93**
Tax expense:	29		
1. Current tax		9,186.52	12,545.02
2. Deferred tax expense /(income)		4,566.54	(1,330.11)
Total tax expenses		**13,753.06**	**11,214.91**
Profit after tax		**25,513.12**	**21,194.02**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(20.42)	3.44
- Income tax relating to items that will not be reclassified to profit or loss		7.14	(1.19)
Other comprehensive income for the year, net of tax		**(13.28)**	**2.25**
Total comprehensive income for the year		**25,499.84**	**21,196.27**
Earnings per equity share	30		
Basic earnings per share (₹)		28.21	26.95
Diluted earnings per share (₹)		27.62	24.31
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer
Place: Mumbai
Date: May20, 2019

Jitendra Bhati
Company Secretary

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**Cash Flow from Operating Activities**		
	Net profit before tax	39,266.18	32,408.93
	Adjustments for :		
	Interest income on financial assets	(1,06,345.02)	(76,170.03)
	Finance costs	56,129.75	32,554.60
	Dividend income	-	(5.72)
	Depreciation and amortisation expense	1,672.13	447.72
	Provisions for expected credit loss	965.84	(769.26)
	Provision for gratuity and leave encashment	149.83	95.66
	Employee share based payment expense	1,046.25	2,491.24
	Gain on sale/revaluation of investments	(4,110.21)	(986.01)
	Operating profit before working capital changes	**(11,225.25)**	**(9,932.87)**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(2,18,691.65)	(79,686.02)
	(Increase)/Decrease in other financial assets	(2,070.47)	(334.50)
	(Increase)/Decrease in other non-financial assets	(1,369.28)	(1,062.66)
	Increase/(Decrease) in trade payable	634.91	474.37
	Increase/(Decrease) in other financial liabilities	(816.40)	12,281.95
	Increase/(Decrease) in provisions	(17.44)	(8.63)
	Increase/(Decrease) in other non-financial liabilities	(122.66)	477.16
		(2,33,678.24)	**(77,791.20)**
	Interest income realised on financial assets	1,01,794.53	75,155.94
	Finance costs paid	(49,598.12)	(34,101.91)
	Dividend income realised	-	5.72
	Cash (used in)/generated from operating activities	**(1,81,481.83)**	**(36,731.45)**
	Taxes paid	(13,691.96)	(12,662.62)
	Net cash (used in)/generated operating activities (A)	**(1,95,173.79)**	**(49,394.07)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(1,924.12)	(4,674.37)
	Purchase of intangible assets	(193.76)	(219.49)
	Payments for capital work in progress	-	(830.13)
	Payment on acquisition of commercial vehicle loan business	(40,851.33)	-
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(3,555.88)	800.00
	Investment in subsidiary companies	(14,000.00)	(5,000.00)
	(Acquisition)/redemption of amortised cost investments (net)	19,605.16	(10,514.25)
	(Acquisition)/redemption of FVTPL investments (net)	53,127.57	(68,511.24)
	Net cash (used in)/generated from investing activities (B)	**12,207.64**	**(88,949.48)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	69,088.51	1,000.00
	Proceeds from bank borrowings	1,98,235.01	1,53,857.97
	Repayments towards bank borrowings	(95,652.95)	(72,553.67)
	Proceeds from issuance of Non-Convertible Debentures	2,44,380.00	39,250.52
	Repayments towards Non-Convertible Debentures	(42,523.37)	(32,401.19)
	Proceeds from/(repayments towards) Commercial Papers (net)	(96,856.55)	56,792.76
	Dividend and DDT paid	(1,111.97)	-
	Net cash (used in)/generated from financing activities (C)	**2,75,558.68**	**1,45,946.39**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**92,592.53**	**7,602.84**
	Cash and Cash Equivalents at the beginning of the year	**12,245.19**	**4,642.35**
	Cash and Cash Equivalents at the end of the year	**1,04,837.72**	**12,245.19**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	217.23	-
	Balances with banks		
	- in current accounts	70,491.50	12,245.19
	Deposits with original maturity of less than three months	34,128.99	-
	Total	**1,04,837.72**	**12,245.19**

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer
Place: Mumbai
Date: May20, 2019

Jitendra Bhati
Company Secretary

STATEMENT OF CHANGES IN EQUITY (SOCIE)

FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of Rs.10/- each	Note	Amount
Balance as at 1 April 2017		7,836.18
Shares issued during the period		31.75
Balance as at 31 March 2018	**20**	**7,867.93**
Balance as at 31 March 2018		7,867.93
Shares issued during the period		1,357.82
Balance as at 31 March 2019	**20**	**9,225.75**

(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 1 April 2017	**102,467.58**	**16,091.22**	**0.43**	**3,093.81**	**54,223.61**	**175,876.65**
Profit for the year	-	-	-	-	21,194.02	21,194.02
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	2.25	2.25
Total	**-**	**-**	**-**	**-**	**21,196.27**	**21,196.27**
Transferred from Retained earnings	-	4,711.55	-	-	(4,711.55)	-
Share based payment expense	-	-	-	2,491.24	-	2,491.24
Shares issued during the year	968.25	-	-	-	-	968.25
Balance at 31 March 2018	**103,435.83**	**20,802.77**	**0.43**	**5,585.05**	**70,708.33**	**200,532.41**
Balance at 1 April, 2018	**103,435.83**	**20,802.77**	**0.43**	**5,585.05**	**70,708.33**	**200,532.41**
Profit 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**

STATEMENT OF CHANGES IN EQUITY (SOCIE)
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Reserves and surplus					Total
	Securities Premium Account	Statutory Reserves U/s 45(1C)	Capital Reserve	Share options outstanding account	Retained earnings	
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	-	-	-	1,046.25	-	1,046.25
Share based payment expense - Group ESOP scheme	-	-	-	66.41	-	66.41
Shares issued during the year	67,730.70	-	-	-	-	67,730.70
Balance at 31 March 2019	**171,166.53**	**25,905.39**	**0.43**	**6,697.71**	**89,993.58**	**293,763.64**

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer
Place: Mumbai
Date: May20, 2019

Jitendra Bhati
Company Secretary

NOTES

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

1 CORPORATE INFORMATION

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21st July 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 up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules 2006, the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC), and other relevant provisions of the Act, considered as the ""Previous GAAP"".

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the Company's equity financial position, financial performance and its cash flows is provided in Note 42."

The financial statements for the year ended on 31 March 2019 with comparative figures for the year ended on 31 March 2018 and Ind AS opening balance sheet as on 1 April 2017 with their relevant notes and disclosures were adopted by the Company's Board of Directors on 20 May 2019.

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) is presented in Note 39.

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 counter-parties

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 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 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 recognised 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.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

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 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 as explained in note 31 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 categorised 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 categorised 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 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 recognised in the Statement of Profit and Loss when the asset is derecognised."

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised 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 derecognised 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."

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

(Currency : Indian Rupees in Lakhs)

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

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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 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.

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 recognised 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

Assignment income is recognised on upfront basis by discounting the future excess interest spread .

(f) 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 recognised 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 recognised 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

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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) Leasing

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.

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.

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) Minimum alternate tax

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that

Company will pay normal Income Tax during the specified period.

(iii) 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.

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 recognised because it cannot be measured reliably. The Company does not recognise 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

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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.

2.5 Standards issued but not yet effective

"Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is in the process of analysing the impact of new lease standard on its financial statements."

NOTE 3

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash and cash equivalents			
Cash on hand	217.23	-	0.25
Balances with banks			
- in current accounts	70,491.50	12,245.19	4,642.10
Deposits with original maturity of less than three months	34,128.99	-	-
	1,04,837.72	**12,245.19**	**4,642.35**

NOTE 4

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Bank balances other than cash and cash equivalents			
Deposits with original maturity of more than three months	-	-	813.58
Earmarked deposits with banks	3,558.59	-	-
	3,558.59	**-**	**813.58**

(Currency : Indian Rupees in Lakhs)

NOTE 5

Loans

At amortised cost

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Business Loans			
Corporate lending	4,61,431.08	4,34,308.16	4,57,818.05
Small and medium enterprises lending (SME)	1,79,088.43	1,45,502.93	56,428.28
Commercial vehicle lending	3,70,571.38	13,082.60	-
Loan to subsidiary Company	34,900.05	-	-
Total - Gross	**10,45,990.94**	**5,92,893.69**	**5,14,246.33**
Less: Impairment allowance	(27,679.95)	(7,943.32)	(8,887.79)
Total - Net	**10,18,310.99**	**5,84,950.37**	**5,05,358.54**
(a) Secured by tangible assets	9,78,708.08	5,35,765.69	4,31,246.33
(b) Unsecured	67,282.86	57,128.00	83,000.00
Total - Gross	**10,45,990.94**	**5,92,893.69**	**5,14,246.33**
Less: Impairment allowance	(27,679.95)	(7,943.32)	(8,887.79)
Total - Net	**10,18,310.99**	**5,84,950.37**	**5,05,358.54**
Loans in India			
(a) Public sector	-	-	-
(b) Others	10,45,990.94	5,92,893.69	5,14,246.33
Total - Gross	**10,45,990.94**	**5,92,893.69**	**5,14,246.33**
Less: Impairment allowance	(27,679.95)	(7,943.32)	(8,887.79)
Total - Net (a)	**10,18,310.99**	**5,84,950.37**	**5,05,358.54**
Loans outside India (b)	**-**	**-**	**-**
Total - Net (a)+(b)	**10,18,310.99**	**5,84,950.37**	**5,05,358.54**

Impairment allowance as on 31 March 2019 includes INR 20,200 Lakhs on account of acquisition of commercial vehicle loan portfolio.

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TO THE FINANCIAL STATEMENTS
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NOTE 6

Investments

Investments as at 31-March-2019

Particulars	Amortised cost	Fair value through profit or loss	At cost	Total
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 on equity shares of the Company.

Investments as at 31-March-2018

Particulars	Amortised cost	Fair value through profit or loss	At cost	Total
Mutual funds	-	26,084.33	-	26,084.33
Debt instruments	-	55,052.27	-	55,052.27
Pass through certificates	19,661.08	-	-	19,661.08
Subsidiaries	-	-	6,001.00	6,001.00
Total - Gross	**19,661.08**	**81,136.60**	**6,001.00**	**1,06,798.68**
Investments in India	19,661.08	81,136.60	6,001.00	1,06,798.68
Investments outside India	-	-	-	-
Total - Gross	**19,661.08**	**81,136.60**	**6,001.00**	**1,06,798.68**
Less: Impairment loss allowance	(94.10)	-	-	(94.10)
Total - Net	**19,566.98**	**81,136.60**	**6,001.00**	**1,06,704.58**

(Currency : Indian Rupees in Lakhs)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited	6,000.00	100%
Total	**6,001.00**	

Investments as at 1-April-2017

Particulars	Amortised cost	Fair value through profit or loss	At cost	Total
Mutual funds	-	9,206.16	-	9,206.16
Equity instruments	-	399.75	-	399.75
Pass through certificates	9,112.97	-	-	9,112.97
Subsidiaries	-	-	1,001.00	1,001.00
Total - Gross	**9,112.97**	**9,605.91**	**1,001.00**	**19,719.88**
Investments in India	9,112.97	9,605.91	1,001.00	19,719.88
Investments outside India	-	-	-	-
Total - Gross	**9,112.97**	**9,605.91**	**1,001.00**	**19,719.88**
Less: Impairment loss allowance	(43.64)	-	-	(43.64)
Total - Net	**9,069.33**	**9,605.91**	**1,001.00**	**19,676.24**

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited	1,000.00	100%
Total	**1,001.00**	

NOTE 7

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other financial assets			
Security deposit	869.28	507.64	173.14
Assignment receivables	4,139.00	-	-
	5,008.28	**507.64**	**173.14**

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NOTE 8

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current tax assets (net)			
Advance Tax (net of provision)	3,576.49	-	-
	3,576.49	**-**	**-**

NOTE 9

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deferred tax assets (net)			
Deferred Tax Assets			
Provision for expected credit loss	2,296.73	2,297.16	2,805.67
Provision for gratuity	58.59	30.33	13.75
Provision for leave encashment	55.38	25.14	13.90
Interest on the NPA Loans not accrued in books	-	252.93	320.73
Diminution in value of investments	-	69.56	-
Fair valuation of ESOPS	863.35	863.35	-
EIR on loans	1,367.93	2,970.62	2,152.12
Fair valuation of security deposits	-	2.38	0.96
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	130.68	-	-
Total (A)	**4,772.66**	**6,511.47**	**5,307.13**
Deferred tax liability			
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	-	(15.70)	(13.05)
Goodwill amortisation	(1,311.22)	-	-
Fair valuation of security deposits	(0.30)	-	-
Assignment income booked upfront	(637.03)	-	-
EIR on borrowings	(1,068.62)	(180.88)	(308.12)
Total (B)	**(3,017.17)**	**(196.58)**	**(321.17)**
Net deferred tax asset (A-B)	**1,755.49**	**6,314.89**	**4,985.96**

(Currency : Indian Rupees in Lakhs)

NOTE 10

Properly plant and equipment

Changes in the carrying value of property, plant and equipment for the year ended 31 March 2019:

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Total
Deemed Cost as at 1 April 2017	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.21**	**691.67**
Additions	-	1,050.30	716.28	1,959.10	385.86	658.82	4,770.36
Disposals	-	-	-	(121.66)	(0.11)	-	(121.77)
Cost as at 31 March 2018	**15.05**	**1,050.30**	**732.64**	**2,153.21**	**456.03**	**933.03**	**5,340.26**
Additions	-	-	15.45	1,966.04	113.27	737.82	2,832.58
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2019 (A)	**15.05**	**1,050.30**	**748.09**	**4,119.25**	**569.30**	**1,670.85**	**8,172.84**
Accumulated depreciation as at 1 April 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charged during the year	-	3.17	5.54	179.31	24.07	130.12	342.21
Disposals	-	-	-	(25.77)	-	-	(25.77)
Accumulated depreciation as at 31 March 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 31 March 2019 (B)	**-**	**20.71**	**13.95**	**1,104.19**	**80.08**	**579.74**	**1,798.67**
Net carrying amount as at 31 March 2019 (A) - (B)	**15.05**	**1,029.59**	**734.14**	**3,015.06**	**489.22**	**1,091.11**	**6,374.17**
Net carrying amount as at 31 March 2018	**15.05**	**1,047.13**	**727.10**	**1,999.67**	**431.96**	**802.91**	**5,023.82**
Net carrying amount as at 1 April, 2017	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.21**	**691.67**

* Mortgaged as security against Secured Non-convertible Debentures

The Company has availed the deemed cost exemption available under Ind AS 101 in relation to the property plant and equipment on the date of transition (1 April 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2017 under the previous GAAP.

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Total
Gross Block	15.05	-	45.52	516.42	99.02	382.60	1,058.61
Accumulated Depreciation	-	-	29.16	200.65	28.74	108.39	366.94
Net Block	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.21**	**691.67**

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NOTE 11

Intangible assets

Changes in the carrying value of intangibles for the year ended 31 March 2019:

Particulars	Computer Software	Total
Deemed Cost as at 1 April 2017	**187.92**	**187.92**
Additions	219.49	219.49
Disposals	-	-
Cost as at 31 March 2018	**407.41**	**407.41**
Additions	212.53	212.53
Disposals	(21.80)	(21.80)
Cost as at 31 March 2019 (A)	**598.14**	**598.14**
Accumulated amortisation as at 1 April 2017	-	-
Amortisation recognised for the year	105.51	105.51
Disposals	-	-
Accumulated amortisation as at 31 March 2018	105.51	105.51
Amortisation recognised for the year	189.90	189.90
Disposals	(3.03)	(3.03)
Accumulated amortisation as at 31 March 2019 (B)	**292.38**	**292.38**
Net carrying amount as at 31 March 2019 (A)- (B)	**305.76**	**305.76**
Net carrying amount as at 31 March 2018 (A)- (B)	**301.90**	**301.90**
Net carrying amount as at 1 April, 2017	**187.92**	**187.92**

The Company has availed the deemed cost exemption available under Ind AS 101 in relation to the intangible assets on the date of transition (1 April 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on 1 April 2017 under the previous GAAP.

Particulars	Computer Software	Total
Gross Block	300.81	300.81
Accumulated amortisation / impairment	112.89	112.89
Net Block	**187.92**	**187.92**

NOTE 12

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other non-financial assets			
Prepaid expenses	920.10	1,169.76	1,269.75
Advances recoverable in cash or in kind or for value to be received	2,939.77	1,321.22	158.17
	3,859.87	**2,490.98**	**1,427.92**

NOTES
TO THE FINANCIAL STATEMENTS
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NOTE 13

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade payables			
Dues to Micro, small and medium enterprises	-	-	-
Dues to Others	1,531.98	897.06	422.68
	1,531.98	**897.06**	**422.68**

NOTE 14

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debt securities			
At amortised cost			
Redeemable non convertible debentures (Refer note (a) below)	3,20,840.52	1,18,983.90	1,12,134.57
Commercial paper (net of unamortised discount) repayable within next twelve months	29,116.54	1,25,973.09	69,180.33
	3,49,957.06	**2,44,956.99**	**1,81,314.90**
Debt securities in India	3,49,957.06	2,44,956.99	1,81,314.90
Debt securities outside India	-	-	-
Total	**3,49,957.06**	**2,44,956.99**	**1,81,314.90**
Secured	3,20,840.52	1,18,983.90	1,12,134.57
Unsecured	29,116.54	1,25,973.09	69,180.33
Total	**3,49,957.06**	**2,44,956.99**	**1,81,314.90**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each

Terms of repayment

Redeemable within	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Rate of interest	**Rate of interest**	**Rate of interest**
	>= 0% < 11.40%	**>= 0% < 11.40%**	**>= 0% < 11.55%**
	Amount	**Amount**	**Amount**
Above 60 Months	-	1,500.00	1,500.00
48-60 Months	26,500.00	500.00	5,000.00
36-48 Months	35,000.00	16,700.00	10,000.00
24-36 Months	99,080.00	28,500.00	35,695.08
12-24 Months	46,000.00	30,913.65	40,716.76
0-12 Months	1,14,260.52	40,870.25	19,222.73
Total	**3,20,840.52**	**1,18,983.90**	**1,12,134.57**

NOTES
TO THE FINANCIAL STATEMENTS
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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 ₹ 3,28,837.55 Lakhs (March 2018: ₹ 1,24,329.20 Lakhs; April 2017: ₹ 1,19,320.20 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 15

Borrowings

At amortised cost

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Term loans			
Term loans from banks (Refer note (a) below)	3,09,394.74	1,76,986.13	1,46,539.81
Repo instrument *	-	14,742.64	-
Loans repayable on demand			
Working capital demand loans from banks **	15,000.00	22,500.00	-
Bank overdrafts **	12,579.78	14,251.70	9,474.73
Other borrowings (including Inter Corporate Deposits)	2,03,548.04	8,838.36	-
Total	**5,40,522.56**	**2,37,318.83**	**1,56,014.54**
Borrowings in India	5,40,522.56	2,37,318.83	1,56,014.54
Borrowings outside India	-	-	-
Total	**5,40,522.56**	**2,37,318.83**	**1,56,014.54**
Secured borrowings	3,36,974.52	2,28,480.47	1,56,014.54
Unsecured borrowings	2,03,548.04	8,838.36	-
Total	**5,40,522.56**	**2,37,318.83**	**1,56,014.54**

(a) Term loan from banks (TL):

Terms of repayment:

Redeemable within	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Rate of interest	Rate of interest	Rate of interest
	> =8.65% < 11.20%	> =8.10% < 9.95%	> =8.75% < 10.75%
	Amount	Amount	Amount
Above 60 Months	500.00	1,175.00	-
48-60 Months	21,526.50	7,751.11	5,500.00
36-48 Months	38,520.75	21,201.46	18,800.69
24-36 Months	71,951.92	36,903.72	32,833.22
12-24 Months	90,239.01	54,052.36	41,015.46
0-12 Months	86,656.56	55,902.48	48,390.44
Total	**3,09,394.74**	**1,76,986.13**	**1,46,539.81**

* secured by pledge of investments in bonds

** secured by First pari-passu charge by way of hypothecation on the standard asset portfolio

NOTES
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NOTE 16

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other financial liabilities			
Book overdraft	8,990.92	6,719.19	5,108.02
Interest accrued but not due on borrowings	12,599.34	6,067.73	7,615.03
Employee benefits payable	2,699.79	2,139.20	1,701.32
Others	7,507.90	11,030.63	797.72
	31,797.95	**25,956.75**	**15,222.09**

NOTE 17

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current tax liabilities (net)			
Provision for tax (net of advance tax)	-	923.04	1,040.64
	-	**923.04**	**1,040.64**

NOTE 18

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provisions			
Provision for employee benefits:			
- Gratuity	393.48	90.85	39.74
- Leave encashment	148.81	72.64	40.15
Others :			
- Expected credit loss on undrawn loan commitments	22.00	228.03	102.32
	564.29	**391.52**	**182.21**

NOTE 19

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Non-financial liabilities			
Statutory dues payable	401.93	524.97	47.43
	401.93	**524.97**	**47.43**

NOTES
TO THE FINANCIAL STATEMENTS
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NOTE 20

Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorised capital						
Equity shares of ₹10/- each	11,00,00,000	11,000.00	11,00,00,000	11,000.00	9,00,00,000	9,000.00
Issued, subscribed and fully paid up						
Equity shares of ₹10/- each fully paid	9,22,57,415	9,225.74	7,86,79,259	7,867.93	7,83,61,799	7,836.18
Total	**9,22,57,415**	**9,225.74**	**7,86,79,259**	**7,867.93**	**7,83,61,799**	**7,836.18**

b. Reconciliation of number of shares at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	7,86,79,259	7,867.93	7,83,61,799	7,836.18	7,33,54,429	7,335.44
Add: Shares issued during the year	1,35,78,156	1,357.82	3,17,460	31.75	50,07,370	500.74
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**9,22,57,415**	**9,225.74**	**7,86,79,259**	**7,867.93**	**7,83,61,799**	**7,836.18**

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	57.01%	7,11,02,635	90.37%	7,11,02,635	90.74%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

d. Particulars of shareholders holding more than 5% of the share capital

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	57.01%	7,11,02,635	90.37%	7,11,02,635	90.74%
SBI Equity Hybrid Fund	-	72,21,936	7.83%	-	-	-	-

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

(Currency : Indian Rupees in Lakhs)

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 shareholder to the total equity share capital.

f. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTE 21

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other equity			
Capital Reserve	0.43	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	20,802.77	16,091.22
Securities premium reserve	1,71,166.53	1,03,435.83	1,02,467.58
Share options outstanding account	6,697.71	5,585.05	3,093.81
Retained earnings	89,993.58	70,708.33	54,223.61
	2,93,763.64	**2,00,532.41**	**1,75,876.65**

21.1 Other equity movement

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital Reserve			
Opening Balance	0.43	0.43	0.43
Add : Transferred from surplus	-	-	-
Closing Balance	**0.43**	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934			
Opening Balance	20,802.77	16,091.22	11,910.46
Add : Transferred from surplus	5,102.62	4,711.55	4,180.76
Closing Balance	**25,905.39**	**20,802.77**	**16,091.22**
Securities premium reserve			
Opening Balance	1,03,435.83	1,02,467.58	87,952.66
Add : Premium collected on share allotment	67,730.70	968.25	14,514.92
Closing Balance	**1,71,166.53**	**1,03,435.83**	**1,02,467.58**
Share options outstanding account			
Opening Balance	5,585.05	3,093.81	3,093.81
Movement during the year	1,112.66	2,491.24	-
Closing Balance	**6,697.71**	**5,585.05**	**3,093.81**

NOTES
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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Retained earnings			
Opening Balance	70,708.33	54,223.61	37,500.59
Add: Remeasurement of defined benefit obligations	(13.28)	2.25	-
Add: Transferred from the statement of profit and loss	25,513.12	21,194.02	20,903.78
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(5,102.62)	(4,711.55)	(4,180.76)
Less: Appropriation towards dividend and dividend distribution tax	(1,111.97)	-	-
Closing Balance	**89,993.58**	**70,708.33**	**54,223.61**

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 reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is 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 2018-19	10%	1.00	922.37	1,111.97
Proposed dividend as on balance sheet date				
Final dividend for the financial year 2018-19	10%	1.00	922.57	1,112.21

Proposed dividend is subject to approval of shareholders at the Annual General Meeting of the Company (not recognised as liability as on balance sheet date).

(Currency : Indian Rupees in Lakhs)

NOTE 22

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,03,596.31	71,650.27
Interest on investments		
- Investments in PTCs	825.25	817.80
- Debt instruments	1,568.46	3,589.70
Interest on deposits		
- Deposits with banks	355.00	112.25
	1,06,345.02	**76,170.02**
Fees and commission income		
- Syndication, advisory & other fees	5,438.50	1,532.32
	5,438.50	**1,532.32**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	4,110.21	986.01
Total fair value changes	**4,110.21**	**986.01**
Fair value changes:		
- Realised	4,024.40	1,148.13
- Unrealised	85.81	(162.12)
Total fair value changes	**4,110.21**	**986.01**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	1,823.00	-
	1,823.00	**-**
Total	**1,17,716.73**	**78,688.35**

NOTE 23

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Other income		
Dividend income	-	5.72
Miscellaneous income	-	0.12
	-	**5.84**

NOTES
TO THE FINANCIAL STATEMENTS
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NOTE 24

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	24,085.28	13,833.84
Interest On REPO Instruments	37.96	141.77
Other borrowings (including Inter Corporate Deposits)	671.62	153.82
Interest expense on debt securities		
Debentures	24,422.93	9,442.69
Commercial paper	6,372.60	8,318.94
Other interest expense		
Security deposits	-	55.75
Bank charges & other related costs	539.36	607.79
	56,129.75	**32,554.60**

NOTE 25

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finance cost		
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	1,251.72	(945.44)
Debts written off (net of recovery)	665.17	376.40
Impairment on investments		
Pass through certificates	(94.10)	50.47
Impairment on others		
Undrawn loan commitments	(206.03)	125.71
Others	14.25	-
	1,631.01	**(392.86)**

NOTES
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(Currency : Indian Rupees in Lakhs)

NOTE 26

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employee Benefits Expenses		
Salaries, other allowances and bonus	10,688.14	6,962.68
Gratuity expenses	63.29	52.05
Leave encashment	86.54	43.61
Contribution to provident and other funds	329.24	142.30
Staff welfare expenses	95.31	72.78
Share based payment expense	1,046.25	2,491.24
Employee shared service costs recovered	(48.48)	(36.18)
	12,260.29	**9,728.48**

NOTE 27

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation		
Depreciation of property, plant and equipment	1,482.23	342.21
Amortisation of intangible assets	189.90	105.51
	1,672.13	**447.72**

NOTE 28

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Other Expenses		
Rent	1,703.10	758.03
Rates & taxes	58.89	82.76
Printing and stationery	128.89	63.23
Travelling & conveyance	552.42	240.43
Advertisement	200.56	918.28
Business Promotion	26.12	32.50
Commission & brokerage	12.67	11.90
Office expenses	2,266.73	562.71
Directors' fees & commission	75.86	72.91
Insurance	178.00	49.81
Communication expenses	455.77	157.16
Payment to auditors (note below)	62.51	51.16
CSR expenses (note below)	200.11	174.83
Legal & professional charges	1,081.29	633.63

NOTES
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Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss on sale of fixed assets (net)	18.77	93.97
Membership & subscriptions	10.21	115.45
Other shared service costs recovered	(274.53)	(71.44)
	6,757.37	**3,947.32**
Payment to auditor includes:		
a) as statutory auditors	44.69	35.43
b) as tax auditors	3.27	3.27
c) for certification related matters	7.36	5.18
d) for other services	7.19	7.28
Total	**62.51**	**51.16**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	649.08	559.20
b) Amount spent during the year:		
- Expenses paid in cash	200.11	174.83
- Expenses yet to be paid for	-	-
Total	**200.11**	**174.83**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	200.11	174.83
Total	**200.11**	**174.83**

NOTE 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax expense		
Current year	9,186.52	12,545.02
	9,186.52	**12,545.02**
Deferred tax expense		
Origination and reversal of temporary differences	4,566.54	(1,330.11)
	4,566.54	**(1,330.11)**
Tax expense for the year	**13,753.06**	**11,214.91**

NOTES
TO THE FINANCIAL STATEMENTS
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(Currency : Indian Rupees in Lakhs)

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	7.14	(1.19)
	7.14	**(1.19)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	**39,266.18**	**32,408.93**
Statutory income tax rate	34.94%	34.61%
Expected income tax expense	13,721.17	11,216.08
Difference in tax rate due to:		
- Effect of non-deductible expenses	37.38	40.60
- Effect of non-taxable income	-	(1.98)
- Others	(5.49)	(39.79)
Total tax expense	**13,753.06**	**11,214.91**
Effective tax rate	**35.03%**	**34.60%**
Current tax	9,186.52	12,545.02
Deferred tax	4,566.54	(1,330.11)
	13,753.06	**11,214.91**

(d) Movement in deferred tax balances

Particulars	As at 31 March 2019					
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred Tax Assets						
Provision for expected credit loss	2,297.16	(0.43)	-	2,296.73	2,296.73	-
Provision for gratuity	30.33	21.12	7.14	58.59	58.59	-
Provision for leave encashment	25.14	30.24	-	55.38	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	863.35	-
EIR on loans	2,970.62	(1,602.69)	-	1,367.93	1,367.93	-
Fair valuation of security deposits	2.38	(2.68)	-	(0.30)	-	(0.30)

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(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019					
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred tax liability						
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	(15.70)	146.38	-	130.68	130.68	-
Goodwill amortisation	-	(1,311.22)	-	(1,311.22)	-	(1,311.22)
Assignment income booked upfront	-	(637.03)	-	(637.03)	-	(637.03)
Borrowing costs unamortised	(180.88)	(887.74)	-	(1,068.62)	-	(1,068.62)
Deferred Tax assets (Liabilities)	**6,314.89**	**(4,566.54)**	**7.14**	**1,755.49**	**4,772.66**	**(3,017.17)**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2018					
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred Tax Assets						
Provision for expected credit loss	2,805.67	(508.51)	-	2,297.16	2,297.16	-
Provision for gratuity	13.75	17.77	(1.19)	30.33	30.33	-
Provision for leave encashment	13.90	11.24	-	25.14	25.14	-
Interest on the NPA Loans not accrued in books	320.73	(67.80)	-	252.93	252.93	-
Diminution in value of investments	-	69.56	-	69.56	69.56	-
Fair valuation of ESOPS	-	863.35	-	863.35	863.35	-
EIR on loans	2,152.12	818.50	-	2,970.62	2,970.62	-
Fair valuation of security deposits	0.96	1.42	-	2.38	2.38	-
Deferred tax liability						
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	(13.05)	(2.65)	-	(15.70)	-	(15.70)
EIR on borrowings	(308.12)	127.24	-	(180.88)	-	(180.88)
Deferred Tax assets (Liabilities)	**4,985.96**	**1,330.12**	**(1.19)**	**6,314.89**	**6,511.47**	**(196.58)**

(Currency : Indian Rupees in Lakhs)

NOTE 30

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 31 March 2019	For the year ended 31 March 2018
i.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	25,513.12	21,194.02
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	9,04,30,065	7,86,47,078
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	9,23,77,939	8,71,68,302
iii.	**Basic earnings per share (₹)**	28.21	26.95
iv.	**Diluted earnings per share (₹)**	27.62	24.31

NOTE 31

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 following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 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**

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Particulars	As at 31 March 2018							
	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	26,084.33	-	-	26,084.33	26,084.33	-	-	26,084.33
(b) Investments in Bonds	55,052.27	-	-	55,052.27	55,052.27	-	-	55,052.27
(c) Investment in Pass through certificates	-	-	19,566.98	19,566.98	-	-	19,566.98	19,566.98
Total	**81,136.60**	**-**	**19,566.98**	**1,00,703.58**	**81,136.60**	**-**	**19,566.98**	**1,00,703.58**

Particulars	As at 1 April 2017							
	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	9,206.16	-	-	9,206.16	9,206.16	-	-	9,206.16
(b) Investments in Equity instruments (CCPS)	399.75	-	-	399.75	399.75	-	-	399.75
(c) Investment in Pass through certificates	-	-	9,069.33	9,069.33	-	-	9,069.33	9,069.33
Total	**9,605.91**	**-**	**9,069.33**	**18,675.24**	**9,605.91**	**-**	**9,069.33**	**18,675.24**

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, investments in pass-through-certificates, other financial assets, trade payables, borrowings, bank overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. 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 unobservable 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. This is the case for unlisted equity securities included in level 3.

Financial risk management

The Company has exposure to the following risks from financial instruments:

(a) credit risk;

(b) liquidity risk;

(c) market risks; and

(d) operational risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing, implementing and monitoring Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures. The observations, management action plans and adherence to those action plans are reported to Audit Committee from time to time.

(A) Credit risk

Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers and investment debt securities.

Management of credit risk

The Company has put in place well defined product programs with credit policy parameters defining the credit appetite for each product. The credit policy gets administered through credit underwriting managers for each product across branches. In order to retain the independence of the credit function, functional reporting of the credit managers is separated from sales. The Company has put in place review mechanisms to identify and measure credit risk arising out of customer acceptance as well as credit behaviour. Further, collections teams are responsible for managing credit impaired customers with usage of appropriate tools including negotiations, legal actions and recovery proceedings. The Company has put in place a collections policy defining the role and responsibilities of collections function. The Company has also put in place mechanisms to identify Early Warning Signals (EWS) and take appropriate actions to address the concerns arising out of EWS.

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.

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Credit quality analysis

The Company's policies for computation of expected credit loss are set out below:

(a) ECL on loans and advances

ECL is computed for loans and investments portfolio of the Company.

The loans and advances portfolio comprises of the following:

(i) Corporate lending
(ii) Small and medium enterprises lending (SME)
(iii) Commercial vehicle lending

Investments measured at amortised cost is subjected to ECL (for example, pass through certificates)

Staging criteria

Following staging criteria is used for Loans and investments :

(i) standard and 0 - 30 days past due (DPD) as stage 1;
(ii) 31- 90 DPD as Stage II; and
(iii) outstanding > 90 DPD as stage III.

Probability of Default (PD%)

The 12 month PD% is computed as follows:.

In the case of Corporate lending and SME lending portfolio, the PD% is computed based on average percentage of PD for past financial years namely 2013-14, 2014-15 , 2015-16, 2016-17 and 2017-18.

In the case of Commercial Vehicle lending, the PD% is computed on the basis of available credit bureau scores and empirically observed default rates against clustered score ranges.

Loss Given Default (LGD%)

LGD has been applied on the basis of past observable trend of recoveries from the defaulted assets.

The following factors have been considered for computation of LGD:

(i) Time to recovery - Time taken to recover the dues
(ii) Amount recovered - Amount recovered against total dues (including interest accrued thereon along with any charges due)

Exposure at Default (EAD)

The current outstanding balance of loans as on 31st March 2019, 31st March 2018 and 1st April 2017 are considered for ECL computation purpose.

(b) Undrawn exposure

In case of ECL on Undrawn exposure , the EAD is computed after considering Credit Conversion Factor (CCF) of 50% (Percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to stage 1 assets considering PD% and LGD% of the respective categories of loans and advances.

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The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	31 March 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	9,30,150.03	88,134.78	27,706.13	10,45,990.94
Investments	-	-	-	-
Total	**9,30,150.03**	**88,134.78**	**27,706.13**	**10,45,990.94**

Particulars	31 March 2018			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	5,78,995.31	4,466.24	9,432.14	5,92,893.69
Investments	19,661.08	-	-	19,661.08
Total	**5,98,656.39**	**4,466.24**	**9,432.14**	**6,12,554.77**

Particulars	1 April 2017			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	4,93,648.70	979.20	19,618.43	5,14,246.33
Investments	9,112.97	-	-	9,112.97
Total	**5,02,761.67**	**979.20**	**19,618.43**	**5,23,359.30**

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:

	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,98,656.39	4,466.24	9,432.14	6,12,554.77	5,02,761.67	979.20	19,618.43	5,23,359.30
New assets originated or purchased*	7,79,445.98	59,444.50	21,665.91	8,60,556.39	5,55,124.76	-	-	5,55,124.76
Assets derecognised or repaid (excluding write offs)	(4,17,717.51)	(1,378.08)	(7,359.46)	(4,26,455.05)	(4,52,950.23)	(519.68)	(12,082.98)	(4,65,552.89)
Transfers to stage 1	389.71	(389.71)	-	-	-	-	-	-
Transfers to stage 2	(27,420.24)	27,559.60	(139.36)	-	(4,466.24)	4,466.24	-	-
Transfers to stage 3	(3,095.92)	(1,417.13)	4,513.05	-	(1,632.30)	(459.52)	2,091.82	-
Amounts written off (net of recovery)	(108.38)	(150.64)	(406.15)	(665.17)	(181.27)	-	(195.13)	(376.40)
Gross carrying amount closing balance	**9,30,150.03**	**88,134.78**	**27,706.13**	**10,45,990.94**	**5,98,656.39**	**4,466.24**	**9,432.14**	**6,12,554.77**

* includes amount of business loans acquired on account of business combination

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Reconciliation of ECL balance is given below:

	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,366.98	206.59	3,463.85	8,037.42	4,872.26	63.19	3,995.98	8,931.43
New assets originated or purchased*	22,309.46	5,740.02	9,565.80	37,615.28	29,077.85	-	-	29,077.85
Assets derecognised or repaid (excluding write offs)	(17,293.10)	(47.02)	(2,239.53)	(19,579.65)	(28,830.34)	(24.04)	(978.37)	(29,832.75)
Changes to models and inputs used	767.64	(16.13)	(646.70)	104.81	(727.08)	(17.90)	5.76	(739.22)
Transfers to stage 1	16.62	(16.62)	-	-	-	-	-	-
Transfers to stage 2	(67.70)	106.54	(38.84)	-	(18.29)	18.29	-	-
Transfers to stage 3	(14.74)	(60.43)	75.17	-	(6.68)	(21.25)	27.93	-
Impact on year end ECL of exposures transferred between stages during the year	(15.13)	419.17	1,218.46	1,622.50	-	188.30	457.87	646.17
Amounts written off (net of recovery)	(0.80)	(6.42)	(113.19)	(120.41)	(0.74)	-	(45.32)	(46.06)
ECL allowance - closing balance	**10,069.23**	**6,325.70**	**11,285.02**	**27,679.95**	**4,366.98**	**206.59**	**3,463.85**	**8,037.42**

* includes amount of ECL on business loans acquired on account of business combination

(B) Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on regular basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of cash, cash equivalents and high grade collateral which could be used to secure additional funding if required.

(Currency : Indian Rupees in Lakhs)

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 Company also has committed lines of credit that it can access to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company.

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:

As on 31 March 2019

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,531.98	-	-	-	1,531.98
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	6,18,200.54
Other financial liabilities	19,198.62	-	-	-	19,198.62
Total	**1,72,263.79**	**3,82,057.67**	**5,05,534.92**	**508.57**	**10,60,364.95**

As on 31 March 2018

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	897.06	-	-	-	897.06
Debt securities	1,22,438.86	58,116.65	89,893.78	1,671.00	2,72,120.29
Borrowings (other than debt securities)	69,151.83	60,797.65	1,27,963.59	1,175.00	2,59,088.07
Other financial liabilities	19,889.01	-	-	-	19,889.01
Total	**2,12,376.76**	**1,18,914.30**	**2,17,857.37**	**2,846.00**	**5,51,994.43**

As on 1 April 2017

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	422.68	-	-	-	422.68
Debt securities	60,545.61	40,209.29	1,08,757.81	1,842.00	2,11,354.71
Borrowings (other than debt securities)	23,294.68	46,945.76	1,10,075.07	-	1,80,315.51
Other financial liabilities	7,607.07	-	-	-	7,607.07
Total	**91,870.04**	**87,155.05**	**2,18,832.88**	**1,842.00**	**3,99,699.97**

(C) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing/lending cost including proportion of fixed and floating rate borrowings/loans so as to manage the impact of changes in interest rates.

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Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate gaps for stipulated periods. The Company monitors on a regular basis to ensure positions are maintained within the established limits.

(D) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our 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 31 March 2019	As at 31 March 2018	As at 1 April 2017
CRAR - Tier I capital (%)	21.7%	26.6%	32.1%
CRAR - Tier II capital (%)	2.3%	0.6%	0.9%
CRAR (%)	**24.0%**	**27.2%**	**33.0%**

NOTE 32

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

(Currency : Indian Rupees in Lakhs)

Names of other related parties with whom the Company had transactions during the year:

Key Managerial Personnel

R. Sridhar - Executive Vice-Chairman & CEO

Vimal Bhandari - Executive Director (till 30 April 2017)

Shailesh Shirali - Wholetime Director (till 28 January 2018)

Bobby Parikh - Non-Executive Independent Director

Ravi Narain - Non-Executive Independent Director (till 9th January 2018)

Eric Schwartz - Non-Executive Independent Director (till 5 February 2018)

D. Sivanandhan - Non-Executive Independent Director (till 5 February 2018)

Dinesh Kumar Mehrotra - Non-Executive Independent Director (from 5 February 2018)

Hemant Kaul - Non-Executive Independent Director (from 5 February 2018)

Naina Krishna Murthy - Non-Executive Independent Director (from 5 February 2018)

B) Transactions with Key Management Personnel :

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Short-term employee benefits	550.00	501.90
2. Commission and sitting fees to Non-Executive Independent Directors	75.86	62.91
3. Reimbursement of expenses	0.10	4.87
4. Investment in share capital (including securities premium)	-	1,000.00
5. Dividend Paid	3.17	-

Compensation of the Company's' key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

c) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies
1. Reimbursement of expenses	2019	460.79
	2018	107.62
2. Advances given (net)	2019	-
	2018	29.55
3. Investment in subsidiary	2019	14,000.00
	2018	5,000.00
4. Loan given to subsidiary (net)	2019	33,500.00
	2018	-
5. Interest income on loan to subsidiary	2019	1,978.90
	2018	-

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d) The related party balances outstanding at year end are as follows:

Particulars			Holding Company	Subsidiary Companies
1.	Investment in share capital	2019	68,372.50	-
	(including securities premium)	2018	92,433.43	-
		2017	92,433.43	-
2.	Investment in subsidiary	2019	-	20,073.29
		2018	-	6,001.00
		2017	-	1,001.00
3.	Reimbursement of expenses	2019	-	408.52
		2018	-	145.70
		2017	-	56.64
4.	Advances given (net)	2019	-	-
		2018	-	29.55
		2017	-	-
5.	Loans outstanding	2019	-	34,900.05
	(including interest accrued)	2018	-	-
		2017	-	-

NOTE 33

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of Services or service		
Syndication, advisory & other fees	5,438.50	1,532.32
Total revenue from contracts with customers	**5,438.50**	**1,532.32**
Geographical markets		
India	5,438.50	1,532.32
Outside India	-	-
Total revenue from contracts with customers	**5,438.50**	**1,532.32**
Timing of revenue recognition		
Services transferred at a point in time	5,438.50	1,532.32
Services transferred over time	-	-
Total revenue from contracts with customers	**5,438.50**	**1,532.32**

(Currency : Indian Rupees in Lakhs)

NOTE 34

Contingent liabilities and Commitments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Contingent liabilities			
Corporate guarantee given by Company to banks	5,972.06	7,665.24	6,290.80
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account	-	1,160.02	-
Amount uncalled on partly paid up shares of subsidiary	-	500.00	-
Loans sanctioned not yet disbursed	1,08,233.79	85,087.58	31,244.05

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). There are interpretative challenges on the application of judgment retrospectively and as such same has not been considered as contingent liability.

NOTE 35

Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognised in the statement of profit & loss are ₹ 1,703.10 Lakhs (March 2018: ₹ 758.03 Lakhs) . The Company is not involved in any sub leases contracts.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarised below :

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Minimum Lease Payments:			
Not later than one year	1,332.62	838.10	522.70
Later than one year but not later than five years	2,734.08	2,714.42	1,691.10
Later than five years	-	-	-

NOTE 36

Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises, as no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

Particulars	As at 31 March 2019	As at 31 March 2018
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-

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Particulars		As at 31 March 2019	As at 31 March 2018
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	-	-

NOTE 37

Gratuity and other post-employment benefit plans:

The Company 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:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. Amount recognised in the balance sheet			
Present value of the obligation as at the end of the year	396.83	93.95	65.87
Fair value of plan assets as at the end of the year	3.35	3.10	26.13
Net (asset) / liability to be recognised in the balance sheet	**393.48**	**90.85**	**39.74**
B. Change in projected benefit obligation			
Projected benefit of obligation at the beginning of the year	93.95	65.87	51.87
Current service cost	58.68	31.76	14.30
Past service cost	-	18.09	-
Interest cost	6.79	4.20	3.89
Benefits paid	(7.08)	(22.39)	(12.49)
Addition on account of business combination	226.00	-	-
Actuarial (gain) / loss on obligation	18.49	(3.58)	8.30
Projected benefit obligation at the end of the year	**396.83**	**93.95**	**65.87**

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
C. Change in plan assets			
Fair value of plan assets at the beginning of the year	3.10	26.13	33.43
Return on plan assets	2.18	2.00	3.01
Actuarial gain/(loss)	(1.93)	(0.13)	(0.31)
Benefits paid	-	(24.90)	(10.00)
Fair value of plan assets at the end of the year	**3.35**	**3.10**	**26.13**
D. Amount recognised in the statement of profit and loss			
Current service cost	58.68	31.76	
Past service cost and loss/(gain) on curtailments and settlement	-	18.09	
Net interest cost	4.61	2.20	
Expenses recognised in the statement of profit and loss	**63.29**	**52.05**	
E. Amount recognised in other comprehensive income			
Actuarial (gains) / loss			
- change in financial assumption	(1.32)	(2.91)	
- experience variation	19.81	(0.66)	
Return on plan assets, excluding amount recognised in net interest expense	1.93	0.13	
	20.42	**(3.44)**	

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
F. Assumptions used			
Discount rate	7.60%	7.50%	7.10%
Salary growth rate	6.00%	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	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 31 March 2019		As at 31 March 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	164.46	177.63	90.51	97.61
Salary growth rate (0.5% movement)	175.34	166.42	95.84	92.15
Withdrawal rate (10% movement)	171.35	170.08	94.90	92.86

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H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 76.14 Lakhs.
3. The average outstanding term of the obligations as at valuation date is 8.68 years.

NOTE 38

Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company and Subsidiary Company. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2019, 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 ESOS

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	9-May-16	17-Oct-16	28-Apr-17	15-Dec-17
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 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				

(Currency : Indian Rupees in Lakhs)

II. Option Movement during the year ended Mar 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 31 March 2019	505.33	461.97	472.50	-	-

Option Movement during the year ended Mar 2018

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	14,90,784	24,00,777	27,47,000	-	-
Options Granted during the year	7,500	3,29,000	2,62,000	19,98,500	15,48,500
Options Forfeited / Lapsed during the year	2,990	30,000	16,000	7,500	17,000
Options Exercised during the year	-	-	-	-	-
Number of options Outstanding at the end of the year	14,95,294	26,99,777	29,93,000	19,91,000	15,31,500
Number of Options exercisable at the end of the year	10,50,994	22,39,277	2,73,700	-	-
The weighted average market price of shares exercised during the year ended 31 March 2018	-	-	-	-	-

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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	428.05 - 437.00
No. of Options Outstanding as on 31 March 2019	2,68,200	25,13,277	25,60,500	18,29,000	14,23,000
Contractual Life (in years)	3.29	2.62	4.87	7.06	7.63

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 a.s 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	0.5%	0.5%	0.5%	0.5%	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	31-Mar-19	31-Mar-18
Employee share based expense (₹)	1,046	2,491
Total ESOS reserve outstanding at the end of the period (₹)	6,698	5,585

(Currency : Indian Rupees in Lakhs)

NOTE 39

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 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS										
Financial assets										
Cash and cash equivalents	3	1,04,837.72	-	**1,04,837.72**	12,245.19	-	**12,245.19**	4,642.35	-	**4,642.35**
Bank balances other than cash and cash equivalents	4	3,558.59	-	**3,558.59**	-	-	**-**	813.58	-	**813.58**
Loans	5	2,57,179.65	7,61,131.34	**10,18,310.99**	1,12,396.34	4,72,554.03	**5,84,950.37**	1,20,658.07	3,84,700.47	**5,05,358.54**
Investments	6	30,085.81	20,073.29	**50,159.10**	1,00,703.58	6,001.00	**1,06,704.58**	18,675.25	1,000.99	**19,676.24**
Other financial assets	7	683.16	4,325.12	**5,008.28**	34.92	472.72	**507.64**	0.84	172.30	**173.14**
Non-financial assets										
Current tax assets (net)	8	-	3,576.49	**3,576.49**	-	-	**-**	-	-	**-**
Deferred tax assets (net)	9	-	1,755.49	**1,755.49**	-	6,314.89	**6,314.89**	-	4,985.96	**4,985.96**
Property, plant and equipment	10	-	6,374.17	**6,374.17**	-	5,023.82	**5,023.82**	-	691.67	**691.67**
Capital work-in-progress		-	-	**-**	-	830.13	**830.13**	-	-	**-**
Goodwill		-	30,018.69	**30,018.69**	-	-	**-**	-	-	**-**
Intangible assets	11	-	305.76	**305.76**	-	301.90	**301.90**	-	187.92	**187.92**
Other non-financial assets	12	3,482.98	376.89	**3,859.87**	1,745.71	745.27	**2,490.98**	705.75	722.17	**1,427.92**
TOTAL ASSETS		**3,99,827.91**	**8,27,937.24**	**12,27,765.15**	**2,27,125.74**	**4,92,243.76**	**7,19,369.50**	**1,45,495.84**	**3,92,461.48**	**5,37,957.32**

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Particulars	Note	As on 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES										
Financial liabilities										
Trade payables	13	1,531.98	-	**1,531.98**	897.06	-	**897.06**	422.68	-	**422.68**
Debt securities	14	1,44,518.46	2,05,438.60	**3,49,957.06**	1,66,843.34	78,113.65	**2,44,956.99**	88,403.06	92,911.84	**1,81,314.90**
Borrowings (other than debt securities)	15	3,16,333.04	2,24,189.52	**5,40,522.56**	1,13,887.78	1,23,431.05	**2,37,318.83**	57,865.17	98,149.37	**1,56,014.54**
Other financial liabilities	16	29,513.82	2,284.13	**31,797.95**	25,956.94	-	**25,956.94**	15,222.09	-	**15,222.09**
Non-financial liabilities										
Current tax liabilities (net)	17	-	-	**-**	923.04	-	**923.04**	1,040.64	-	**1,040.64**
Provisions	18	97.48	466.81	**564.29**	69.21	322.30	**391.51**	24.27	157.94	**182.21**
Other non-financial liabilities	19	401.93	-	**401.93**	524.79	-	**524.79**	47.43	-	**47.43**
TOTAL LIABILITIES		**4,92,396.71**	**4,32,379.06**	**9,24,775.77**	**3,09,102.16**	**2,01,867.00**	**5,10,969.16**	**1,63,025.34**	**1,91,219.15**	**3,54,244.49**

(Currency : Indian Rupees in Lakhs)

NOTE 40

Business Combination

A. Brief of the Transaction:

The Company 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 ₹ 2,41,473.00 Lakhs , which was completed on 31st March 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 41

Changes in financing liabilities

The Company does not have any financing activities which affects the capital and asset structure of the Company without the use of cash and cash equivalents.

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(Currency : Indian Rupees in Lakhs)

NOTE 42

Explanation of transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The financial statements for the current year have been prepared under Ind AS.

The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the Company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1 April 2017).

2. Deemed cost for investment in subsidiaries

The Company has elected to continue with the carrying value of its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS. Accordingly, the Company has measured all its investments in subsidiaries at their previous GAAP carrying value.

B. Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried are amortised cost.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3. Employee Stock Option Plans:

The Company has availed the exemption under Ind AS 101 for the options which have been issued and the vesting period has expired prior to date of transition.

(Currency : Indian Rupees in Lakhs)

Reconciliation of net worth as per previous GAAP and that computed under Ind AS

Particulars	**As on 1 April 2017**	**As on 31 March 2018**
Net worth under previous GAAP	**1,90,041.56**	**2,14,599.32**
Summary of Ind AS adjustments		
Provision for expected credit loss on financial assets	(4,845.98)	(3,574.22)
Effective interest rate adjustment on loans and advances	(5,014.37)	(7,152.35)
Fair valuation of security deposit	(2.78)	(6.87)
Marked-to-market gain/(loss) on financial instruments	-	(201.00)
Effective interest rate adjustment on borrowings	297.12	185.38
Provision for gratuity	-	(3.22)
Deferred tax on Ind AS	3,237.28	4,553.30
Total Ind AS adjustments	**(6,328.73)**	**(6,198.98)**
Net worth under Ind AS	**1,83,712.83**	**2,08,400.34**

Reconciliation of total comprehensive income as per previous GAAP and that computed under Ind AS

Particulars	**As on 31 March 2018**
Profits as per previous GAAP	**23,557.76**
Summary of Ind AS adjustments	
In the statement of profit and loss:	
Provision for expected credit loss on financial assets	1,271.76
Effective interest rate adjustment on loans and advances	(2,137.98)
Fair valuation of security deposit	(4.09)
Marked-to-market gain/(loss) on financial instruments	(201.00)
Effective interest rate adjustment on borrowings	(111.74)
Provision for gratuity	(3.22)
Fair valuation of employee stock options	(2,491.24)
Deferred tax on above Ind AS adjustments	1,316.02
Total Ind AS adjustments	**(2,361.49)**
Total comprehensive income as per Ind AS	**21,196.27**

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NOTE 43

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	15,897.73	9,787.68	13,361.03	28,315.56	47,834.63	1,61,487.25	59,786.73	503.90
Market borrowings	25,702.33	33,064.85	34,085.99	1,22,275.51	1,30,526.19	1,44,330.65	63,519.59	-
Assets:								
Loans & advances	26,983.21	16,985.19	16,516.52	55,238.36	1,41,456.37	4,62,553.23	1,51,013.41	1,47,564.70
Investments	30,085.81	-	-	-	-	-	-	20,073.29

In addition to the investments shown in the table above, the Company also has cash & equivalents and undrawn funding lines as under:

- Cash & Cash Equivalents (refer note 3)	1,04,837.72
- Bank balances other than cash and cash equivalents (refer note 4)	3,558.59
Undrawn funding lines	68,430.00
Total	1,76,826.31

NOTE 44

Exposure to real Estate Sector

	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	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 may be shown separately)	1,29,493.18	1,04,059.47	43,565.67
	ii. Commercial Real Estate			
A	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;	4,03,224.88	3,02,995.61	2,07,104.04
	iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures			
	- Residential	Nil	Nil	Nil
	- Commercial Real Estate	Nil	Nil	Nil

(Currency : Indian Rupees in Lakhs)

	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Indirect Exposure			
B	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	54,972.35	6,000.00	1,000.00

NOTE 45

Exposure to capital market

	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
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;	19,000.00	55,410.00	18,000.00
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)	-	-	-

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NOTE 46

Other Disclosures Pursuant to the RBI Master Directions, 2016

VIII - Investments

Particulars				As at 31 March 2019	As at 31 March 2018
1	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	50,159.10	1,06,798.68
		(b)	Outside India	-	-
	(ii)	Provision for Depreciation			
		(a)	In India	-	94.10
		(b)	Outside India	-	-
	(iii)	Net Value of Investments			
		(a)	In India	50,159.10	1,06,704.58
		(b)	Outside India	-	-
2	Movement of provisions held towards depreciation on investments				
	(i)	Opening balance		94.11	43.64
	(ii)	Add : Provisions made during the year		-	50.47
	(iii)	Less : Write-off/ write-back of excess provision during the year		(94.11)	-
	(iv)	Closing balance		-	94.11

IX Registration obtained from other financial sector regulators : None

X 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 financials year/period.

X Details of financing of parent Company products : None

XI Disclosure of penalties imposed by RBI and other regulators : None

XII Draw down from reserves : None

XIII Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr. No.	Instrument	Credit Rating Agency	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1	Commercial Paper	CARE	A1+	A1+	A1+
		ICRA	A1+	A1+	A1+
		CRISIL	A1+	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-	AA-
		INDIA RATINGS	AA-	AA-	AA-
3	NCD	CARE	AA-	AA-	AA-
		INDIA RATINGS	AA-	AA-	AA-

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(Currency : Indian Rupees in Lakhs)

XIV Unsecured Advances against intangible securities : None

I - Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Provisions for depreciation on Investment	(94.10)	50.47
2. Provision towards NPA	(1,744.62)	(532.13)
3. Provision made towards Income tax	9,192.43	12,545.02
4. Other Provision and Contingencies	(191.78)	125.71
5. Provision for Standard Assets	2,996.34	(413.31)

II Concentration of Advances

Particulars	As at 31 March 2019	As at 31 March 2018
1. Total Advances to twenty largest borrowers	3,74,895.85	3,66,493.26
2. Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	35.8%	61.8%

III - Concentration of Exposures

Particulars	As at 31 March 2019	As at 31 March 2018
1. Total Exposure to twenty largest borrowers /customers	4,31,189.65	4,04,833.26
2. Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	37.4%	59.4%

IV - Concentration of NPAs

Particulars	As at 31 March 2019	As at 31 March 2018
1. Total Exposure to top four NPA accounts	1,380.24	5,944.78

V - Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars	As at 31 March 2019	As at 31 March 2018
1. Agriculture and allied activities	-	-
2. MSME	-	-
3. Corporate borrowers	-	1.1%
4. Services	-	-
5. Unsecured personal loans	-	-
6. Auto loans	0.4%	-
7. Other personal loans	-	-

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VI - Movement of NPAs

Particulars	As at 31 March 2019	As at 31 March 2018
Net NPAs to Net Advances (%)	1.61%	1.02%
Movement of NPAs (Gross)		
Opening balance (Refer Note Below)	9,432.14	19,618.43
Additions during the year/period	26,178.97	2,091.82
Reductions during the year/period	(7,904.98)	(12,278.12)
Closing balance	27,706.13	9,432.14
Movement of Net NPAs		
Opening balance	5,968.29	15,622.45
Additions during the year/period	15,319.54	1,606.01
Reductions during the year/period	(4,866.72)	(11,260.17)
Closing balance	16,421.10	5,968.29
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	3,463.85	3,995.98
Provisions made during the year/period	10,859.43	485.81
Write-off / write-back of excess provisions	(3,038.26)	(1,017.94)
Closing balance	11,285.02	3,463.85

Note : The figures for previous year have been reported as per IND AS methodology , which includes loan of ₹ 10780.35 Lakhs which was not an NPA as per RBI regulations.

VII - Details of assignment transactions undertaken during the period:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. No. of accounts	2,928	-
2. Aggregate value (net of provisions) of accounts assigned	23,817.25	-
3. Aggregate consideration	25,640.25	-
4. Additional consideration realised 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 / Securitsation Companies during the period;

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. No. of accounts	4	-
2. Aggregate value (net of provisions) of accounts assigned	1,199.11	-
3. Aggregate consideration	750.00	-
4. Additional consideration realised in respect of accounts transferred in earlier years	-	-
5. Aggregate gain / (loss) over net book value	(449.11)	-

(Currency : Indian Rupees in Lakhs)

IX - Customer Complaints

Particulars	As at March 31, 2019
1. No. of complaints pending at the beginning of the period	-
2. No. of complaints received during the period	60
3. No. of complaints redressed during the period	57
4. No. of complaints pending at the end of the period	3

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Changes in liabilities

The Company does not have any financing activities which affects the capital and asset structure of the Company without the use of cash and cash equivalents.

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 31 March 2019	
		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	3,20,840.52	-
	: Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	3,09,394.74	-
	(d) Inter-corporate loans and borrowing	2,03,548.04	-
	(e) Commercial Paper	29,116.54	-
	(f) Public Deposits (Refer Note 1 below)	-	-
	(g) Other Loans	27,579.78	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount outstanding**	**Amount overdue**
	(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	-	-
	Assets side :		**Amount outstanding**
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**		
	(a) Secured		9,78,708.08
	(b) Unsecured		67,282.86

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Amount outstanding
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	
(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 :	
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	30,085.81
(iv) Government Securities	-
(v) Others (Please specify)	-
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)	-

(Currency : Indian Rupees in Lakhs)

2.	Unquoted :			
(I)	Shares:	(a)	Equity	20,073.29
		(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 :

Please see Note 2 below

Category		Amount in Rupees (Net of provisions)		
		Secured	**Unsecured**	**Total**
1.	Related Parties **			
	(a) Subsidiaries	-	34,749.98	34,749.98
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	9,51,197.61	32,363.39	9,83,561.01
		-	-	-

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Category		Market Value/ Break up or fair value or NAV*	Book Value (Net of Provisions)
1.	Related Parties **		
	(a) Subsidiaries	20,073.29	20,073.29
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2.	Other than related parties	30,085.81	30,085.81

(8) Other information

Particulars		Amount
Gross Non-Performing Assets		
(i)	(a) Related parties**	-
	(b) Other than related parties	27,706.13
(ii)	Net Non-Performing Assets	
	(a) Related parties**	-
	(b) Other than related parties	16,421.10
(iii)	Assets acquired in satisfaction of debt	-

NOTES
TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Notes :

1. As defined in Paragraph 3 (xv) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016.
2. Provisioning norms shall be applicable as prescribed in the RBI Master Directions, 2016.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May20, 2019

INDEPENDENT AUDITOR'S REPORT
AS AT MARCH 31, 2019

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 2019, 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, 2019, their consolidated profit 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.

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, 2019. 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
Transition to Ind AS accounting framework (as described in note 44 of the Consolidated Ind AS financial statements)	
In accordance with the roadmap for implementation of Ind AS for non-banking financial companies, as announced by the Ministry of Corporate Affairs, the Group has adopted Ind AS from April 1, 2018 with an effective date of April 1, 2017 for such transition. For periods up to and including the year ended March 31, 2018, the Group had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India	Our audit procedures included: • Read the Ind AS impact assessment performed by the management to identify areas to be impacted on account of Ind AS transition. • Understood the financial statement closure process established by the Group for transition to Ind AS. • Read changes made to the accounting policies in light of the requirements of the new framework.

INDEPENDENT AUDITOR'S REPORT
AS AT MARCH 31, 2019

Key audit matters	How our audit addressed the key audit matter
(Indian GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2019, together with the comparative financial information for the previous year ended March 31, 2018 and the transition date balance sheet as at April 1, 2017 have been prepared under Ind AS. The transition has involved significant change in the Group's policies and processes relating to financial reporting, including generation of reliable and supportable information. In view of the complexity arising from implementing the principles of Ind AS at the transition date, which could result in a misstatement in these Ind AS financials statements, this has been an area of key focus in our audit.	• Assessed the judgement exercised by the management in applying the first-time adoption principles of Ind AS 101 especially in respect of fair valuation of assets and liabilities existing as at transition date. • Assessed the judgement applied by the Group in determining its business model for classification of financial assets. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Assessed disclosures included in the Ind AS financial statements in accordance with the requirements of Ind AS 101, with respect to the previous periods presented.
Impairment of financial asset (expected credit loss) (as described in note 26 of the Consolidated Ind AS financial statements)	
Ind AS 109 requires the Group to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on the financial assets 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. In the process, a significant degree of judgement has been applied by the management in respect of following matters: a) The Group has various loan products divided into corporate loan portfolio, SME loan portfolio, vehicle finance portfolio and home finance portfolio. SME, vehicle finance and home finance loans are grouped into different categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics. Corporate loan portfolio is assessed on a case to case basis. b) Estimation of losses in respect of those groups of loans which had no/ minimal defaults in the past. c) Staging of loans and estimation of behavioral life. d) Management overlay for macro-economic factors and estimation of their impact on the credit quality.	Our audit procedures included: • Reading the Group's accounting policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109. • Assessed the assumptions used by the Group for grouping and staging of loan portfolio into various categories and default buckets and determining the probability-weighted default (PD) and loss-given default (LGD) rates. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. We also reviewed a sample of stage 1 and Stage 2 loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • Performed sample testing to ascertain the completeness of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. • Tested the arithmetical accuracy of computation of ECL provision performed by the Group. • Assessed the disclosures included in the Ind AS financial statements with respect to such allowance / estimate in accordance with the requirements of Ind AS 109 and Ind AS 107.

Key audit matters	How our audit addressed the key audit matter
The Group has developed models that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD). The output of these models is then applied to the provision calculation with other information including and the exposure at default (EAD).	
IT systems and controls	
We identified IT systems and controls over financial reporting as a key audit matter for the Holding 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 accurate financial reporting.	Our audit procedures for the Holding Company included: • Tested the design and operating effectiveness of IT access controls over the information systems that are critical to financial reporting. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised. • Tested periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorisation. • In addition to the above, we 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 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

INDEPENDENT AUDITOR'S REPORT AS AT MARCH 31, 2019

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 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 system 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, 2019 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, 2019 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, 2019 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 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(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, 2019;

    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, 2019.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 20, 2019

INDEPENDENT AUDITOR'S REPORT AS AT MARCH 31, 2019

ANNEXURE 1

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, 2019, 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, 2019, 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
Place of Signature: Mumbai
Date: May 20, 2019

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
I. ASSETS				
Financial assets				
Cash and cash equivalents	3	1,08,363.67	12,786.93	5,722.93
Bank balances other than cash and cash equivalents	4	3,558.59	-	813.58
Receivables				
Trade receivables	5	53.10	-	-
Loans	6	10,36,366.88	5,90,042.87	5,05,358.54
Investments	7	30,085.81	1,00,703.58	18,675.24
Other financial assets	8	5,027.51	521.62	173.14
		11,83,455.56	**7,04,055.00**	**5,30,743.43**
Non-financial assets				
Current tax assets (net)	9	3,586.34	27.75	11.04
Deferred tax assets (net)	10	1,755.51	6,314.88	4,985.89
Property, plant and equipment	11	6,624.86	5,143.73	692.19
Capital work-in-progress		-	830.13	-
Goodwill		30,018.69	-	-
Intangible assets	12	396.43	440.89	187.92
Other non-financial assets	13	4,177.99	2,569.03	1,688.25
		46,559.82	**15,326.41**	**7,565.29**
TOTAL ASSETS		**12,30,015.38**	**7,19,381.41**	**5,38,308.72**
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		1,947.54	930.78	526.71
Debt securities	15	3,49,957.06	2,44,956.99	1,81,314.90
Borrowings (other than debt securities)	16	5,43,616.46	2,37,318.83	1,56,014.54
Other financial liabilities	17	32,635.66	26,816.99	15,222.09
		9,28,156.72	**5,10,023.59**	**3,53,078.24**
Non-financial liabilities				
Current tax liabilities (net)	18	-	923.04	1,040.64
Provisions	19	606.62	403.01	182.21
Other non-financial liabilities	20	623.76	558.99	60.96
		1,230.38	**1,885.04**	**1,283.81**
TOTAL LIABILITIES		**9,29,387.10**	**5,11,908.63**	**3,54,362.05**
Equity				
Equity share capital	21	9,225.74	7,867.93	7,836.18
Other equity	22	2,91,402.54	1,99,604.85	1,76,110.49
TOTAL EQUITY		**3,00,628.28**	**2,07,472.78**	**1,83,946.67**
TOTAL LIABILITIES AND EQUITY		**12,30,015.38**	**7,19,381.41**	**5,38,308.72**
Significant Accounting Policies	2			

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May20, 2019

INDOSTAR

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	23		
Interest income		1,08,126.68	76,313.26
Fees and commission income		6,196.19	1,591.95
Net gain on fair value changes		4,175.21	986.01
Gain on derecognition of financial instruments measured at amortised cost category		2,064.67	-
Total revenue from operations		**1,20,562.75**	**78,891.22**
Other income	24	-	6.37
Total income		**1,20,562.75**	**78,897.59**
Expenses			
Finance cost	25	56,359.22	32,554.84
Impairment on financial instruments	26	1,624.78	(380.07)
Employee benefit expenses	27	14,941.91	10,652.87
Depreciation and amortisation expenses	28	1,823.04	470.57
Other expenses	29	7,898.38	4,351.92
Total expenses		**82,647.33**	**47,650.13**
Profit before tax		**37,915.42**	**31,247.46**
Tax expense:	30		
1. Current tax		9,269.43	12,545.02
2. Deferred tax expense /(income)		4,566.51	(1,330.18)
Total tax expenses		**13,835.94**	**11,214.84**
Profit after tax		**24,079.48**	**20,032.62**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(20.32)	3.44
- Income tax relating to items that will not be reclassified to profit or loss		7.14	(1.19)
Other comprehensive income for the year, net of tax		**(13.18)**	**2.25**
Total comprehensive income for the year		**24,066.30**	**20,034.87**
Earnings per equity share	31		
Basic earnings per share (₹)		26.63	25.47
Diluted earnings per share (₹)		26.07	22.98
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
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For and on behalf of the Board of Directors of
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Chairman
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May20, 2019

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**Cash Flow from Operating Activities**		
	Net profit before tax	37,915.42	31,247.46
	Adjustments for :		
	Interest income on financial assets	(1,08,126.67)	(76,313.26)
	Finance costs	56,359.22	32,554.84
	Dividend income	-	(5.72)
	Depreciation and amortisation expense	1,823.04	470.57
	Provisions for expected credit loss	959.61	(756.47)
	Provision for gratuity and leave encashment	187.46	107.29
	Employee share based payment expense	1,118.54	2,491.24
	Gain on sale/revaluation of investments	(4,175.21)	(986.01)
	Operating profit before working capital changes	**(13,938.59)**	**(11,190.06)**
	Adjustments:		
	(Increase)/Decrease in trade receivables	(53.10)	-
	(Increase)/Decrease in loans and advances	(2,31,263.09)	(84,760.92)
	(Increase)/Decrease in other financial assets	(2,077.24)	(348.49)
	(Increase)/Decrease in other non-financial assets	(1,608.93)	(880.79)
	Increase/(Decrease) in trade payable	1,016.76	404.07
	Increase/(Decrease) in other financial liabilities	5,692.68	11,594.88
	Increase/(Decrease) in provisions	(24.15)	(8.76)
	Increase/(Decrease) in other non-financial liabilities	64.78	498.02
		(2,42,190.88)	**(84,692.05)**
	Interest income realised on financial assets	1,03,191.95	75,268.82
	Finance costs paid	(56,359.21)	(32,554.84)
	Dividend income realised	-	5.72
	Cash (used in)/generated from operating activities	**(1,95,358.14)**	**(41,972.35)**
	Taxes paid	(13,756.97)	(12,679.34)
	Net cash (used in)/generated from operating activities (A)	**(2,09,115.11)**	**(54,651.69)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,156.66)	(4,808.45)
	Purchase of intangible assets	(194.59)	(366.63)
	Payments for capital work in progress	-	(830.13)
	Payment on acquisition of commercial vehicle loan business	(40,851.33)	-
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(3,555.88)	800.00
	(Acquisition)/redemption of amortised cost investments (net)	19,605.16	(10,514.25)
	(Acquisition)/redemption of FVTPL investments (net)	53,192.57	(68,511.24)
	Net cash (used in)/generated from investing activities (B)	**26,039.27**	**(84,230.70)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	69,088.51	1,000.00
	Proceeds from borrowings	2,01,717.80	1,53,857.97
	Repayments towards borrowings	(96,041.84)	(72,553.67)
	Proceeds from issuance of Non-Convertible Debentures	2,44,380.00	39,250.52
	Repayments towards Non-Convertible Debentures	(42,523.37)	(32,401.19)
	Proceeds from/(repayments towards) Commercial Papers (net)	(96,856.55)	56,792.76
	Dividend and DDT paid	(1,111.97)	-
	Net cash (used in)/generated from financing activities (C)	**2,78,652.58**	**1,45,946.39**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**95,576.74**	**7,064.00**
	Cash and Cash Equivalents at the beginning of the year	**12,786.93**	**5,722.93**
	Cash and Cash Equivalents at the end of the year	**1,08,363.67**	**12,786.93**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	217.26	0.03
	Balances with banks		
	- in current accounts	74,017.42	12,493.35
	Deposits with original maturity of less than 3 months	34,128.99	293.55
	Total	**1,08,363.67**	**12,786.93**

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May20, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of Rs.10/- each	Note	Amount
Balance as at 1 April 2017		7,836.18
Shares issued during the year		31.75
Balance as at 31 March 2018	21	**7,867.93**
Balance as at 31 March 2018		7,867.93
Shares issued during the year		1,357.82
Balance as at 31 March 2019	21	**9,225.75**

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 1 April 2017	**102,467.58**	**16,091.22**	**8.53**	**0.43**	**3,093.81**	**54,448.92**	**176,110.49**
Profit for the year	-	-	-	-	-	20,032.62	20,032.62
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	2.25	2.25
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**20,034.87**	**20,034.87**
Transferred from Retained earnings	-	4,711.55	-	-	-	(4,711.55)	-
Share based payment expense	-	-	-	-	2,491.24	-	2,491.24
Shares issued during the year	968.25	-	-	-	-	-	968.25
Balance at 31 March 2018	**103,435.83**	**20,802.77**	**8.53**	**0.43**	**5,585.05**	**69,772.24**	**199,604.85**
Balance at 1 April, 2018	103,435.83	20,802.77	8.53	0.43	5,585.05	69,772.24	199,604.85
Profit for the year	-	-	-	-	-	24,079.48	24,079.48
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	(13.18)	(13.18)
Total comprehensive income	**-**	**-**		**-**		**24,066.30**	**24,066.30**
Transferred from Retained earnings	-	5,102.62	-	-	-	(5,102.62)	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH 2019

(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	
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 31 March 2019	**171,166.53**	**25,905.39**	**8.53**	**0.43**	**6,697.71**	**87,623.95**	**291,402.54**

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

R. Sridhar
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DIN: 00136697

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Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May20, 2019

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

1 CORPORATE INFORMATION

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21st July 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 , Commercial Vehicle and SME businesses . The Company has two subsidiaries IndoStar Home Finance Private Limited which is engaged in housing finance business and IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset management services

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 consolidated financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules 2006, the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC) and guidelines issued by the National Housing Bank (NHB) and other relevant provisions of the Act, considered as the "Previous GAAP".

These consolidated financial statements are the Company's first Ind AS consolidated financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the Group's equity financial position, financial performance and its cash flows is provided in Note 44.

The consolidated financial statements for the year ended on 31 March 2019 with comparative figures for the year ended on 31 March 2018 and Ind AS opening balance sheet as on 1 April 2017 with their relevant notes and disclosures were adopted by the Company's Board of Directors on 20 May 2019.

2.1 b. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2019. 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 31 March.

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) is presented in Note 41.

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 counter-parties

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

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 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 recognised 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 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 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 as explained in note 32 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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

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 categorised 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 categorised 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised 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 derecognised 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 Group	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 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.

(Currency : Indian Rupees in Lakhs)

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.

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. In determining the fair value, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and risks specific to the asset.

(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.

The Group 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 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

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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 recognised 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 recognised 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

Assignment income is recognised on upfront basis by discounting the future excess interest spread.

(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 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 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 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 recognised 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 recognised 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 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) Leasing

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 fulfillment 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.

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

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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) Minimum alternate tax

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

(iii) 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.

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 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 recognised because it cannot be measured reliably. The Group does not recognise 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 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.

2.5 Standards issued but not yet effective

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is in the process of analysing the impact of new lease standard on its financial statements.

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NOTE 3

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash and cash equivalents			
Cash on hand	217.26	0.03	0.27
Balances with banks			
- in current accounts	74,017.42	12,493.35	4,692.72
Deposits with original maturity of less than three months	34,128.99	293.55	1,029.94
	1,08,363.67	**12,786.93**	**5,722.93**

NOTE 4

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Bank balances other than cash and cash equivalents			
Deposits with original maturity of more than three months	-	-	813.58
Earmarked deposits with banks	3,558.59	-	-
	3,558.59	**-**	**813.58**

NOTE 5

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivables			
Receivables considered good - Unsecured	53.10	-	-
	53.10	**-**	**-**

NOTE 6

Loans

At amortised cost

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Business Loans			
Corporate lending	4,61,431.08	4,34,308.16	4,57,818.05
Small and medium enterprises lending (SME)	1,79,088.43	1,45,502.93	56,428.28
Commercial vehicle lending	3,70,571.38	13,082.60	-
Home Loans	52,961.00	5,105.29	-
Total - Gross	**10,64,051.89**	**5,97,998.98**	**5,14,246.33**
Less: Impairment allowance	(27,685.01)	(7,956.11)	(8,887.79)
Total - Net	**10,36,366.88**	**5,90,042.87**	**5,05,358.54**
(a) Secured by tangible assets	10,31,669.08	5,40,870.98	4,31,246.33
(b) Unsecured	32,382.81	57,128.00	83,000.00
Total - Gross	**10,64,051.89**	**5,97,998.98**	**5,14,246.33**
Less: Impairment allowance	(27,685.01)	(7,956.11)	(8,887.79)
Total - Net	**10,36,366.88**	**5,90,042.87**	**5,05,358.54**
	-	-	-

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Loans in India			
(a) Public sector	-	-	-
(b) Others	10,64,051.89	5,97,998.98	5,14,246.33
Total - Gross	**10,64,051.89**	**5,97,998.98**	**5,14,246.33**
Less: Impairment allowance	(27,685.01)	(7,956.11)	(8,887.79)
Total - Net	**10,36,366.88**	**5,90,042.87**	**5,05,358.54**
Loans outside India	**-**	**-**	**-**
Total - Net (a)+(b)	**10,36,366.88**	**5,90,042.87**	**5,05,358.54**

Impairment allowance as on 31 March 2019 includes INR 20,200 Lakhs on account of acquisition of commercial vehicle loan portfolio.

NOTE 7

Investments

Investments as at 31-March-2019

Particulars	Amortised cost	Fair value through profit or loss	Total
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**

Investments as on 31-March-2018

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Particulars	Amortised cost	Fair value through profit or loss	Total
Mutual funds	-	26,084.33	26,084.33
Debt instruments	-	55,052.27	55,052.27
Pass through certificates	19,661.08	-	19,661.08
Total - Gross	**19,661.08**	**81,136.60**	**1,00,797.68**
Investments in India	19,661.08	81,136.60	1,00,797.68
Investments outside India	-	-	-
Total - Gross	**19,661.08**	**81,136.60**	**1,00,797.68**
Less: Impairment loss allowance	(94.10)	-	(94.10)
Total - Net	**19,566.98**	**81,136.60**	**1,00,703.58**

Investments as on 1-April-2017

Particulars	Amortised cost	Fair value through profit or loss	Total
Mutual funds	-	9,206.16	9,206.16
Equity instruments	-	399.75	399.75
Pass through certificates	9,112.97	-	9,112.97
Total - Gross	**9,112.97**	**9,605.91**	**18,718.88**
Investments in India	9,112.97	9,605.91	18,718.88
Investments outside India	-	-	-
Total - Gross	**9,112.97**	**9,605.91**	**18,718.88**
Less: Impairment loss allowance	(43.64)	-	(43.64)
Total - Net	**9,069.33**	**9,605.91**	**18,675.24**

NOTE 8

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other financial assets			
Security deposit	888.51	521.62	173.14
Assignment receivables	4,139.00	-	-
	5,027.51	**521.62**	**173.14**

NOTE 9

NOTES
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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current tax assets (net)			
Advance Tax (net of provision)	3,586.34	27.75	11.04
	3,586.34	**27.75**	**11.04**

NOTE 10

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deferred tax assets (net)			
Deferred Tax Assets			
Provision for expected credit loss	2,296.73	2,297.16	2,805.67
Provision for gratuity	58.59	30.33	13.75
Provision for leave encashment	55.38	25.14	13.90
Interest on the NPA Loans not accrued in books	-	252.93	320.73
Diminution in value of investments	-	69.56	-
Fair valuation of ESOPs	863.35	863.35	-
EIR on loans	1,367.93	2,970.62	2,152.12
Fair valuation of security deposits	-	2.38	0.96
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	130.70	-	-
Total (A)	**4,772.68**	**6,511.47**	**5,307.13**
Deferred tax liability			
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	-	(15.71)	(13.12)
Goodwill amortisation	(1,311.22)	-	-
Fair valuation of security deposits	(0.30)	-	-
Assignment income booked upfront	(637.03)	-	-
EIR on borrowings	(1,068.62)	(180.88)	(308.12)
Total (B)	**(3,017.17)**	**(196.59)**	**(321.24)**
Net deferred tax asset (A-B)	**1,755.51**	**6,314.88**	**4,985.89**

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NOTE 11

Property, plant and equipment

Changes in the carrying value of property, plant and equipment for the year ended 31 March 2019:

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Total
Deemed Cost as at 1 April 2017	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.73**	**692.19**
Additions	-	1,050.30	716.28	1,981.35	393.25	763.26	4,904.44
Disposals	-	-	-	(153.19)	(0.13)	-	(153.32)
Cost as at 31 March 2018	**15.05**	**1,050.30**	**732.64**	**2,143.93**	**463.40**	**1,037.99**	**5,443.31**
Additions	-	-	15.84	2,047.07	123.68	878.52	3,065.11
Disposals	-	-	-	-	-	-	-
Cost as at 31 March 2019 (A)	**15.05**	**1,050.30**	**748.48**	**4,191.00**	**587.08**	**1,916.51**	**8,508.42**
Accumulated depreciation as at 1 April 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charged during the year	-	3.17	5.54	180.50	24.44	143.26	356.91
Disposals	-	-	-	(57.30)	(0.03)	-	(57.33)
Accumulated depreciation as at 31 March 2018	**-**	**3.17**	**5.54**	**123.20**	**24.41**	**143.26**	**299.58**
Depreciation charged during the year	-	17.54	8.46	971.77	58.96	527.25	1,583.98
Disposals	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2019 (B)	**-**	**20.71**	**14.00**	**1,094.97**	**83.37**	**670.51**	**1,883.56**
Net carrying amount as at 31 March 2019 (A) - (B)	**15.05**	**1,029.59**	**734.48**	**3,096.03**	**503.71**	**1,246.00**	**6,624.86**
Net carrying amount as at 31 March 2018	**15.05**	**1,047.13**	**727.10**	**2,020.73**	**438.99**	**894.73**	**5,143.73**
Net carrying amount as at 1 April, 2017	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.73**	**692.19**

* Mortgaged as security against Secured Non-convertible Debentures

The Company has availed the deemed cost exemption available under Ind AS 101 in relation to the property plant and equipment on the date of transition (1 April 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2017 under the previous GAAP.

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Total
Gross Block	15.05	-	45.52	516.42	99.02	383.62	1,059.63
Accumulated Depreciation	-	-	29.16	200.65	28.74	108.89	367.44
Net Block	**15.05**	**-**	**16.36**	**315.77**	**70.28**	**274.73**	**692.19**

* Mortgaged as security against Secured Non-convertible Debentures

(Currency : Indian Rupees in Lakhs)

NOTE 12

Intangible assets

Changes in the carrying value of intangibles for the year ended 31 March 2019:

Particulars	Computer Software	Total
Deemed Cost as at 1 April 2017	**187.92**	**187.92**
Additions	366.63	366.63
Disposals	-	-
Cost as at 31 March 2018	**554.55**	**554.55**
Additions	213.36	213.36
Disposals	(21.80)	(21.80)
Cost as at 31 March 2019 (A)	**746.11**	**746.11**
		-
Accumulated amortisation as at 1 April 2017	-	-
Amortisation recognised for the year	113.66	113.66
Disposals	-	-
Accumulated amortisation as at 31 March 2018	**113.66**	**113.66**
Amortisation recognised for the year	239.05	239.05
Disposals	(3.03)	(3.03)
Accumulated amortisation as at 31 March 2019 (B)	**349.68**	**349.68**
Net carrying amount as at 31 March 2019 (A)- (B)	**396.43**	**396.43**
Net carrying amount as at 31 March 2018	**440.89**	**440.89**
Net carrying amount as at 1 April, 2017	**187.92**	**187.92**

The Company has availed the deemed cost exemption available under Ind AS 101 in relation to the intangible assets on the date of transition (1 April 2017) and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated amortisation on 1 April, 2017 under the previous GAAP.

Particulars	Computer Software	Total
Gross Block	300.81	300.81
Accumulated amortisation / impairment	112.89	112.89
Net Block	**187.92**	**187.92**

NOTE 13

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other non-financial assets			
Prepaid expenses	935.62	1,303.81	1,518.87
Advances recoverable in cash or in kind or for value to be received	3,242.37	1,265.22	169.38
	4,177.99	**2,569.03**	**1,688.25**

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NOTE 14

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade payables			
Dues to Others	1,947.54	930.78	526.71
	1,947.54	**930.78**	**526.71**

NOTE 15

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debt securities			
At amortised cost			
Redeemable non convertible debentures (Refer note (a) below)	3,20,840.52	1,18,983.90	1,12,134.57
Commercial paper (net of unamortised discount) repayable within next twelve months	29,116.54	1,25,973.09	69,180.33
	3,49,957.06	**2,44,956.99**	**1,81,314.90**
Debt securities in India	3,49,957.06	2,44,956.99	1,81,314.90
Debt securities outside India	-	-	-
Total	**3,49,957.06**	**2,44,956.99**	**1,81,314.90**
Secured	3,20,840.52	1,18,983.90	1,12,134.57
Unsecured	29,116.54	1,25,973.09	69,180.33
Total	**3,49,957.06**	**2,44,956.99**	**1,81,314.90**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each

Terms of repayment as on March 31, 2019

Redeemable within	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Rate of interest	Rate of interest	Rate of interest
	>= 0% < 11.40%	>= 0% < 11.40%	>= 0% < 11.55%
	Amount	Amount	Amount
Above 60 Months	-	1,500.00	1,500.00
48-60 Months	26,500.00	500.00	5,000.00
36-48 Months	35,000.00	16,700.00	10,000.00
24-36 Months	99,080.00	28,500.00	35,695.08
12-24 Months	46,000.00	30,913.65	40,716.76
0-12 Months	1,14,260.52	40,870.25	19,222.73
Total	**3,20,840.52**	**1,18,983.90**	**1,12,134.57**

(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 ₹ 3,28,837.55 Lakhs (March 2018: ₹ 1,24,329.20 Lakhs; April 2017: ₹ 1,19,320.20 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

Borrowings

At amortised cost

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Term loans			
Term loans from banks (Refer note (a) below)	3,12,488.64	1,76,986.13	1,46,539.81
Repo instrument *	-	14,742.64	-
Loans repayable on demand			
Working capital demand loans from banks **	15,000.00	22,500.00	-
Bank overdrafts **	12,579.78	14,251.70	9,474.73
Other borrowings (including Inter Corporate Deposits)	2,03,548.04	8,838.36	-
Total	**5,43,616.46**	**2,37,318.83**	**1,56,014.54**
Borrowings in India	5,43,616.46	2,37,318.83	1,56,014.54
Borrowings outside India	-	-	-
Total	**5,43,616.46**	**2,37,318.83**	**1,56,014.54**
Secured borrowings	3,40,068.42	2,28,480.47	1,56,014.54
Unsecured borrowings	2,03,548.04	8,838.36	-
Total	**5,43,616.46**	**2,37,318.83**	**1,56,014.54**

(a) Term loan from banks (TL):

Terms of repayment:

Redeemable within	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Rate of interest	Rate of interest	Rate of interest
	> =8.65% < 11.20%	> =8.10% < 9.95%	> =8.75% < 10.75%
	Amount	Amount	Amount
Above 60 Months	1,000.00	1,175.00	-
48-60 Months	21,776.50	7,751.11	5,500.00
36-48 Months	38,770.75	21,201.47	18,800.69
24-36 Months	72,479.70	36,903.72	32,833.22
12-24 Months	91,155.67	54,052.36	41,015.44
0-12 Months	87,306.02	55,902.47	48,390.46
Total	**3,12,488.64**	**1,76,986.13**	**1,46,539.81**

* secured by pledge of investments in bonds
** secured by First pari-passu charge by way of hypothecation on the standard asset portfolio

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NOTE 17

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other financial liabilities			
Book overdraft	8,997.37	7,264.53	5,108.02
Interest accrued but not due on borrowings	12,599.34	6,067.73	7,615.03
Employee benefits payable	2,886.73	2,259.20	1,701.32
Others	8,152.22	11,225.53	797.72
	32,635.66	**26,816.99**	**15,222.09**

NOTE 18

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current tax liabilities (net)			
Provision for tax (net of advance tax)	-	923.04	1,040.64
	-	**923.04**	**1,040.64**

NOTE 19

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provisions			
Provision for employee benefits:			
- Gratuity	410.71	94.50	39.74
- Leave encashment	173.91	80.48	40.15
Others :			
- Expected credit loss on undrawn loan commitments	22.00	228.03	102.32
	606.62	**403.01**	**182.21**

NOTE 20

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Non-financial liabilities			
Statutory dues payable	623.76	558.99	60.96
	623.76	**558.99**	**60.96**

(Currency : Indian Rupees in Lakhs)

NOTE 21

Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised capital						
Equity shares of ₹10/- each	11,00,00,000	11,000.00	11,00,00,000	11,000.00	9,00,00,000	9,000.00
Issued, subscribed and fully paid up						
Equity shares of ₹10/- each fully paid	9,22,57,415	9,225.74	7,86,79,259	7,867.93	7,83,61,799	7,836.18
Total	**9,22,57,415**	**9,225.74**	**7,86,79,259**	**7,867.93**	**7,83,61,799**	**7,836.18**

b. Reconciliation of number of shares at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	7,86,79,259	7,867.93	7,83,61,799	7,836.18	7,33,54,429	7,335.44
Add: Shares issued during the year	1,35,78,156	1,357.82	3,17,460	31.75	50,07,370	500.74
Less: Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**9,22,57,415**	**9,225.75**	**7,86,79,259**	**7,867.93**	**7,83,61,799**	**7,836.18**

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	57.01%	7,11,02,635	90.37%	7,11,02,635	90.74%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of shares.

d. Particulars of shareholders holding more than 5% of the share capital

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital (Mauritius)	Holding Company	5,25,94,228	57.01%	7,11,02,635	90.37%	7,11,02,635	90.74%
SBI Equity Hybrid Fund	-	72,21,936	7.83%	-	-	-	-

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships 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.

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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 shareholder to the total equity share capital.

f. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

NOTE 22

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Other equity			
Capital Reserve	0.43	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	20,802.77	16,091.22
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	8.53	8.53	8.53
Securities premium reserve	1,71,166.53	1,03,435.83	1,02,467.58
Share options outstanding account	6,697.71	5,585.05	3,093.81
Retained earnings	87,623.95	69,772.24	54,448.92
	2,91,402.54	**1,99,604.85**	**1,76,110.49**

21.1 Other equity movement

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital Reserve			
Opening Balance	0.43	0.43	0.43
Add : Transferred from surplus	-	-	-
Closing Balance	**0.43**	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934			
Opening Balance	20,802.77	16,091.22	11,910.46
Add : Transferred from surplus	5,102.62	4,711.55	4,180.76
Closing Balance	**25,905.39**	**20,802.77**	**16,091.22**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987			
Opening Balance	8.53	8.53	-
Add : Transferred from surplus	-	-	8.53
Closing Balance	**8.53**	**8.53**	**8.53**

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Securities premium reserve			
Opening Balance	1,03,435.83	1,02,467.58	87,952.66
Add : Premium collected on share allotment	67,730.70	968.25	14,514.92
Closing Balance	**1,71,166.53**	**1,03,435.83**	**1,02,467.58**
Share options outstanding account			
Opening Balance	5,585.05	3,093.81	3,093.81
Movement during the year	1,112.66	2,491.24	-
Closing Balance	**6,697.71**	**5,585.05**	**3,093.81**
Retained earnings			
Opening Balance	69,772.24	54,448.92	37,558.67
Add: Remeasurement of defined benefit plan/obligations	(13.18)	2.25	-
Add: Transferred from the statement of profit and loss	24,079.48	20,032.62	21,079.54
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(5,102.62)	(4,711.55)	(4,180.76)
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	-	-	(8.53)
Less: Appropriation towards dividend and dividend distribution tax	(1,111.97)	-	-
Closing Balance	**87,623.95**	**69,772.24**	**54,448.92**

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 reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve 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.

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Retained earnings

Retained earnings represents accumulated surplus of the accumulated earnings of the Company and which are available for distribution to shareholders.

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 2018-19	10%	1.00	922.37	1,111.97
Proposed dividend as on balance sheet date				
Final dividend for the financial year FY 2018-19	10%	1.00	922.57	1,112.21

Proposed dividend is subject to approval of shareholders at the Annual General Meeting of the Company (not recognised as liability as on balance sheet date).

NOTE 23

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,05,352.40	71,727.16
Interest on investments		
- Investments in PTCs	825.25	817.80
- Debt instruments	1,568.46	3,589.70
Interest on deposits		
- Deposits with banks	380.57	178.60
	1,08,126.68	**76,313.26**
Fees and commission income		
- Management fee	27.82	59.55
- Syndication, advisory & other fees	6,168.37	1,532.40
	6,196.19	**1,591.95**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	4,175.21	986.01
Total fair value changes	**4,175.21**	**986.01**

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Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Fair value changes:		
- Realised	4,089.40	1,148.13
- Unrealised	85.81	(162.12)
Total fair value changes	**4,175.21**	**986.01**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	2,064.67	-
	2,064.67	-
Total	**1,20,562.75**	**78,891.22**

NOTE 24

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Other income		
Dividend income	-	5.72
Miscellaneous income	-	0.65
	-	**6.37**

NOTE 25

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	24,193.45	13,833.84
Interest On REPO Instruments	37.96	141.77
Other borrowings (including Inter Corporate Deposits)	671.62	153.82
Interest expense on debt securities		
Debentures	24,422.93	9,442.69
Commercial paper	6,474.55	8,318.94
Other interest expense		
Security deposits	-	55.75
Bank charges & other related costs	558.71	608.03
	56,359.22	**32,554.84**

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NOTE 26

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	1,243.99	(932.65)
Debts written off (net of recovery)	665.17	376.40
Impairment on investments		
Pass through certificates	(94.10)	50.47
Impairment on others		
Undrawn loan commitments	(206.03)	125.71
Others	15.75	-
	1,624.78	**(380.07)**

NOTE 27

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Employee Benefits Expenses		
Salaries, other allowances and bonus	13,128.65	7,818.60
Gratuity expenses	76.97	55.70
Leave encashment	110.49	51.59
Contribution to provident and other funds	399.22	158.41
Staff welfare expenses	108.04	77.33
Share based payment expense	1,118.54	2,491.24
	14,941.91	**10,652.87**

NOTE 28

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation		
Depreciation of property, plant and equipment	1,583.99	356.91
Amortisation of intangible assets	239.05	113.66
	1,823.04	**470.57**

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NOTE 29

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Other Expenses		
Rent	1,760.16	771.60
Rates & taxes	63.38	143.74
Printing and stationery	157.18	72.14
Travelling & conveyance	687.53	295.89
Advertisement	202.09	918.28
Business Promotion	26.12	32.50
Commission & brokerage	240.84	14.95
Office expenses	2,339.06	581.00
Directors' fees & commission	75.86	72.91
Insurance	178.00	49.81
Communication expenses	478.88	160.40
Payment to auditors (note below)	79.09	53.75
CSR expenses (note below)	200.11	174.83
Legal & professional charges	1,353.59	795.33
Loss on sale of fixed assets (net)	18.77	93.97
Membership & subscriptions	10.21	115.45
Other shared service costs recovered	27.51	5.37
	7,898.38	**4,351.92**
Payment to auditor includes:		
a) as statutory auditors	54.43	37.76
b) as tax auditors	5.13	3.27
c) for certification related matters	9.81	5.18
d) for other services	9.72	7.54
Total	**79.09**	**53.75**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	649.08	559.20
b) Amount spent during the year:		
- Expenses paid in cash	200.11	174.83
- Expenses yet to be paid for	-	-
Total	**200.11**	**174.83**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	200.11	174.83
Total	**200.11**	**174.83**

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NOTE 30

Income taxes

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax expense		
Current year	9,269.43	12,545.02
	9,269.43	12,545.02
Deferred tax expense		
Origination and reversal of temporary differences	4,566.51	(1,330.18)
	4,566.51	**(1,330.18)**
Tax expense for the year	**13,835.94**	**11,214.84**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit liability (asset)	7.14	(1.19)
Tax expense for the year	**7.14**	**(1.19)**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax	**37,915**	**31,247**
Statutory income tax rate	34.944%	34.608%
Expected income tax expense	13,249	10,814
Difference in tax rate due to:		
- Effect of non-deductible expenses	37.39	40.65
- Effect of non-taxable income	-	(1.98)
- Effect of b/f loss set off in current year	(30.04)	35.71
- Effect of current year loss c/f	666.25	364.46
- Effect of different tax rates for subsidiaries	(28.92)	1.67
- Effect of inter-Company transacitons	(52.41)	-
- Others	(5.49)	(39.79)
Total tax expense	**13,835.94**	**11,214.84**
	36.49%	**35.89%**
Current tax	9,269.43	12,545.02
Deferred tax	4,566.51	(1,330.18)
	13,835.94	11,214.84

(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	31 March 2019						
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Others (Equity)	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred Tax Assets							
Provision for expected credit loss	2,297.16	(0.43)	-	-	2,296.73	2,296.73	-
Provision for gratuity	30.33	21.12	7.14	-	58.59	58.59	-
Provision for leave encashment	25.14	30.24	-	-	55.38	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	863.35	-
EIR on loans	2,970.62	(1,602.69)	-	-	1,367.93	1,367.93	-
EIR on borrowings	(180.88)	(887.74)	-	-	(1,068.62)	-	(1,068.62)
Fair valuation of security deposits	2.38	(2.68)	-	-	(0.30)	-	(0.30)
Deferred tax liability							
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	(15.71)	146.41	-	-	130.70	130.70	-
Goodwill amortisation	-	(1,311.22)	-	-	(1,311.22)	-	(1,311.22)
Assignment income booked upfront	-	(637.03)	-	-	(637.03)	-	(637.03)
Tax assets (Liabilities)	**6,314.88**	**(4,566.51)**	**7.14**	**-**	**1,755.51**	**4,772.68**	**(3,017.17)**

(e) Movement in deferred tax balances

Particulars	31 March 2018						
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Others (Equity)	Net deferred tax asset/ liability	Deferred tax asset	Deferred tax liability
Deferred Tax Assets							
Provision for expected credit loss	2,805.67	(508.51)	-	-	2,297.16	2,297.16	-
Provision for gratuity	13.75	17.77	(1.19)	-	30.33	30.33	-
Provision for leave encashment	13.90	11.24	-	-	25.14	25.14	-
Interest on the NPA Loans not accrued in books	320.73	(67.80)		-	252.93	252.93	-
Diminution in value of investments	-	69.56		-	69.56	69.56	-
Fair valuation of ESOPS	-	863.35	-	-	863.35	863.35	-
EIR on loans	2,152.12	818.50	-	-	2,970.62	2,970.62	-
EIR on borrowings	(308.12)	127.24		-	(180.88)	-	(180.88)
Fair valuation of security deposits	0.96	1.42	-	-	2.38	2.38	-
Deferred tax liability							
Fixed asset: Impact of difference between tax depreciation and depreciation /amortisation charged for financial reporting year	(13.12)	(2.59)	-	-	(15.71)	-	(15.71)
Tax assets (Liabilities)	**4,985.89**	**1,330.18**	**(1.19)**	**-**	**6,314.88**	**6,511.47**	**(196.59)**

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The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

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 31 March 2019	For the year ended 31 March 2018
i.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	24,079.48	20,032.62
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	9,04,30,065	7,86,47,078
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	9,23,77,939	8,71,68,302
iii.	**Basic earnings per share (₹)**	26.63	25.47
iv.	**Diluted earnings per share (₹)**	26.07	22.98

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 following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 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
(b) Investments in Security Receipts	-	-	-	-	-	-	-	-
Total	**30,085.81**	**-**	**-**	**30,085.81**	**30,085.81**	**-**	**-**	**30,085.81**

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2018							
	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	26,084.33	-	-	26,084.33	26,084.33	-	-	26,084.33
(b) Investments in Bonds	55,052.27	-	-	55,052.27	55,052.27	-	-	55,052.27
(c) Investment in Pass through certificates	-	-	19,566.98	19,566.98	-	-	19,566.98	19,566.98
Total	**81,136.60**	**-**	**19,566.98**	**1,00,703.58**	**81,136.60**	**-**	**19,566.98**	**1,00,703.58**

Particulars	As at 31 March 2017							
	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								
(A) Investments in Mutual funds (At Net Asset Value)	9,206.16	-	-	9,206.16	9,206.16	-	-	9,206.16
(B) Investment in Bonds (Quoted)	399.75	-	-	399.75	399.75	-	-	399.75
(C) Compulsory convertible preference shares	-	-	9,069.34	9,069.34	-	-	9,069.34	9,069.34
	9,605.91	**-**	**9,069.34**	**18,675.25**	**9,605.91**	**-**	**9,069.34**	**18,675.25**

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, investments in pass-through-certificates, other financial assets, trade payables, borrowings, bank overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. 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 unobservable 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.

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Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

Financial risk management

The Group has exposure to the following risks from financial instruments:

(a) credit risk;

(b) liquidity risk;

(c) market risks; and

(d) operational risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing, implementing and monitoring Company's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures. The observations, management action plans and adherence to those action plans are reported to Audit Committee from time to time.

(A) Credit risk

'Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers and investment debt securities.

Management of credit risk

The Company has put in place well defined product programs with credit policy parameters defining the credit appetite for each product. The credit policy gets administered through credit underwriting managers for each product across branches. In order to retain the independence of the credit function, functional reporting of the credit managers is separated from sales. The Company has put in place review mechanisms to identify and measure credit risk arising out of customer acceptance as well as credit behaviour. Further, collections teams are responsible for managing credit impaired customers with usage of appropriate tools including negotiations, legal actions and recovery proceedings. The Company has put in place a collections policy defining the role and responsibilities of collections function. The Company has also put in place mechanisms to identify Early Warning Signals (EWS) and take appropriate actions to address the concerns arising out of EWS.

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.

Credit quality analysis

The Company's policies for computation of expected credit loss are set out below:

(Currency : Indian Rupees in Lakhs)

(a) ECL on loans and advances

ECL is computed for loans and investments portfolio of the Company.

The loans and advances portfolio comprises of the following:

(i) Corporate lending

(ii) Small and medium enterprises lending (SME)

(iii) Commercial vehicle lending

(iv) Home Loans

Investments measured at amortised cost is subjected to ECL (for example, pass through certificates)

Staging criteria

Following staging criteria is used for Loans and NCDs :

(i) standard and 0 - 30 days past due (DPD) as stage 1;

(ii) 31- 90 DPD as Stage II; and

(iii) outstanding > 90 DPD as stage III.

Probability of Default (PD%)

The 12 month PD% is computed as follows:.

In the case of Corporate lending and SME lending portfolio, the PD% is computed based on average percentage of PD for past financial years namely 2013-14, 2014-15 , 2015-16, 2016-17 and 2017-18.

In the case of Commercial Vehicle lending, the PD% is computed on the basis of available credit bureau scores and empirically observed default rates against clustered score ranges.

Loss Given Default (LGD%)

LGD has been applied on the basis of past observable trend of recoveries from the defaulted assets.

The following factors have been considered for computation of LGD:

(i) Time to recovery - Time taken to recover the dues

(ii) Amount recovered - Amount recovered against total dues (including interest accrued thereon along with any charges due)

Exposure at Default (EAD)

The current outstanding balance of loans as on 31st March 2019, 31st March 2018 and 1st April 2017 are considered for ECL computation purpose.

(b) Undrawn exposure

In case of ECL on Undrawn exposure , the EAD is computed after considering Credit Conversion Factor (CCF) of 50% (Percentage as prescribed by RBI) and 12 month ECL is computed for all undrawn commitments pertaining to stage 1 assets considering PD% and LGD% of the respective categories of loans and advances.

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	31 March 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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Particulars	**31 March 2018**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets measured at amortised cost				
Loans	5,84,100.60	4,466.24	9,432.14	5,97,998.98
Investments	19,661.08	-	-	19,661.08
Total	**6,03,761.68**	**4,466.24**	**9,432.14**	**6,17,660.06**

Particulars	**1 April 2017**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Financial assets measured at amortised cost				
Loans	4,93,648.70	979.20	19,618.43	5,14,246.33
Investments	9,112.97	-	-	9,112.97
Total	**5,02,761.67**	**979.20**	**19,618.43**	**5,23,359.30**

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:

	2018-19				**2017-18**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**6,03,761.68**	**4,466.24**	**9,432.14**	**6,17,660.06**	**5,02,761.67**	**979.20**	**19,618.43**	**5,23,359.30**
New assets originated or purchased*	7,81,008.92	59,444.50	21,665.91	8,62,119.33	5,60,352.26	-	-	5,60,352.26
Assets derecognised or repaid (excluding write offs)	(4,06,324.78)	(1,378.09)	(7,359.47)	(4,15,062.34)	(4,53,072.44)	(519.68)	(12,082.98)	(4,65,675.10)
Transfers to stage 1	389.71	(389.71)	-	-	-	-	-	-
Transfers to stage 2	(27,549.64)	27,689.01	(139.36)	0.01	(4,466.24)	4,466.24	-	-
Transfers to stage 3	(3,167.34)	(1,417.13)	4,584.48	0.01	(1,632.30)	(459.52)	2,091.82	-
Amounts written off (net of recovery)	(108.38)	(150.64)	(406.15)	(665.17)	(181.27)	-	(195.13)	(376.40)
Gross carrying amount closing balance	**9,48,010.17**	**88,264.18**	**27,777.55**	**10,64,051.89**	**6,03,761.68**	**4,466.24**	**9,432.14**	**6,17,660.06**

* includes amount of business loans acquired on account of business combination

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Reconciliation of ECL balance is given below:

	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**4,379.77**	**206.59**	**3,463.85**	**8,050.21**	**4,872.26**	**63.19**	**3,995.98**	**8,931.43**
New assets originated or purchased*	22,036.73	5,740.02	9,565.80	37,342.55	29,090.95	-	-	29,090.95
Assets derecognised or repaid (excluding write offs)	(14,264.39)	(47.02)	(2,239.53)	(16,550.94)	(27,719.76)	(24.04)	(978.37)	(28,722.17)
Changes to models and inputs used	(2,033.79)	(16.13)	(646.70)	(2,696.62)	(1,837.96)	(17.90)	5.75	(1,850.12)
Transfers to stage 1	16.62	(16.62)	-	-	-	-	-	-
Transfers to stage 2	(67.99)	106.83	(38.84)	-	(18.29)	18.29	-	-
Transfers to stage 3	(14.90)	(60.43)	75.33	-	(6.68)	(21.25)	27.94	0.01
"Impact on year end ECL of exposures transferred between stages during the year"	(15.13)	421.34	1,254.01	1,660.22	-	188.30	457.87	646.17
Amounts written off (net of recovery)	(0.80)	(6.42)	(113.19)	(120.41)	(0.74)	-	(45.32)	(46.06)
ECL allowance - closing balance	**10,036.12**	**6,328.16**	**11,320.73**	**27,685.01**	**4,379.77**	**206.59**	**3,463.85**	**8,050.21**

* includes amount of ECL on business loans acquired on account of business combination

(B) Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Such scenarios could occur when funding needed for illiquid asset positions is not available to the Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on regular basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

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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 Group also has committed lines of credit that it can access to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:

As on 31 March 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**

As on 31 March 2018

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,000.03	-	-	-	1,000.03
Debt securities	1,22,438.86	58,116.65	89,893.78	1,671.00	2,72,120.29
Borrowings (other than debt securities)	69,151.83	60,797.65	1,27,963.59	1,175.00	2,59,088.07
Other financial liabilities	20,748.16	-	-	-	20,748.16
Total	**2,13,338.88**	**1,18,914.30**	**2,17,857.37**	**2,846.00**	**5,52,956.55**

As on 1 April 2017

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	423.90	-	-	-	423.90
Debt securities	60,545.61	40,209.29	1,08,757.81	1,842.00	2,11,354.71
Borrowings (other than debt securities)	23,294.68	46,945.76	1,10,075.07	-	1,80,315.51
Other financial liabilities	7,607.07	-	-	-	7,607.07
Total	**91,871.26**	**87,155.05**	**2,18,832.88**	**1,842.00**	**3,99,701.19**

(Currency : Indian Rupees in Lakhs)

(C) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Group primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Group regularly reviews its average borrowing/lending cost including proportion of fixed and floating rate borrowings/loans so as to manage the impact of changes in interest rates.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the interest rate gaps for stipulated periods. The Group monitors on a regular basis to ensure positions are maintained within the established limits.

(D) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

NOTE 33

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. 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

Vimal Bhandari - Executive Director (till 30 April 2017)

Shailesh Shirali - Wholetime Director (till 28 January 2018)

Bobby Parikh - Non-Executive Independent Director

Ravi Narain - Non-Executive Independent Director (till 9th January 2018)

Eric Schwartz - Non-Executive Independent Director (till 5 February 2018)

D. Sivanandhan - Non-Executive Independent Director (till 5 February 2018)

Dinesh Kumar Mehrotra - Non-Executive Independent Director (from 5 February 2018)

Hemant Kaul - Non-Executive Independent Director (from 5 February 2018)

Naina Krishna Murthy - Non-Executive Independent Director (from 5 February 2018)

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B) Transactions with Key Management Personnel :

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
1.	Short-term employee benefits	550.00	501.90
2.	Commission and sitting fees to Non-Executive Independent Directors	75.86	62.91
3.	Reimbursement of expenses	0.10	4.87
4.	Investment in share capital (including securities premium)	-	1,000.00
5.	Dividend Paid	3.17	-

Compensation of the Company's' key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

NOTE 34

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of Services or service		
Syndication, advisory & other fees	6,168.37	1,532.40
Management fee	27.82	59.55
Total revenue from contracts with customers	**6,196.19**	**1,591.95**
Geographical markets		
India	6,196.19	1,591.95
Outside India	-	-
Total revenue from contracts with customers	**6,196.19**	**1,591.95**
Timing of revenue recognition		
Services transferred at a point in time	6,196.19	1,591.95
Services transferred over time	-	-
Total revenue from contracts with customers	**6,196.19**	**1,591.95**

Contract balances

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivable	53.10	-	-

(Currency : Indian Rupees in Lakhs)

NOTE 35

Contingent liabilities and Commitments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Contingent liabilities			
Corporate guarantee given by Company to banks	5,972.06	7,665.24	6,290.80
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account	-	1,212.62	-
Loans sanctioned not yet disbursed	1,11,691.14	85,443.63	31,244.05

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). There are interpretative challenges on the application of judgment retrospectively and as such same has not been considered as contingent liability.

NOTE 36

Leases

In case of assets taken on lease

The Group has taken various office premises under operating lease. The lease payments recognised in the statement of profit & loss are ₹ 1,760.16 lakhs (March 2018: ₹ 771.60 lakhs) . The Company is not involved in any sub leases contracts.

The future minimum lease payments in respect of non-cancellable operating lease as at the balance sheet date are summarised below :

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Minimum Lease Payments:			
Not later than one year	1,381.48	872.47	522.70
Later than one year but not later than five years	2,895.09	2,750.28	1,691.10
Later than five years	112.92	-	-

NOTE 37

Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises, as no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

Particulars	As at 31 March 2019	As at 31 March 2018
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	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
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	-	-

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:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. Amount recognised in the balance sheet			
Present value of the obligation as at the end of the year	414.06	97.60	65.87
Fair value of plan assets as at the end of the year	3.35	3.10	26.13
Net asset / (liability) to be recognised in the balance sheet	**410.71**	**94.50**	**39.74**
B. Change in projected benefit obligation			
Projected benefit of obligation at the beginning of the year	97.60	65.87	51.87
Current service cost	72.08	35.41	14.30
Past service cost	-	18.09	-
Interest cost	7.06	4.20	3.89
Benefits paid	(7.07)	(22.39)	(12.49)
Addition on account of business combination	226.00	-	-
Actuarial (gain) / loss on obligation	18.39	(3.58)	8.30
Projected benefit obligation at the end of the year	**414.06**	**97.60**	**65.87**
C. Change in plan assets			
Fair value of plan assets at the beginning of the year	3.10	26.13	33.43
Return on plan assets	2.18	2.00	3.01
Actuarial gain/(loss)	(1.93)	(0.13)	(0.31)
Benefits paid	-	(24.90)	(10.00)
Fair value of plan assets at the end of the year	**3.35**	**3.10**	**26.13**

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
D. Amount recognised in the statement of profit and loss			
Current service cost	72.08	35.41	
Past service cost and loss/(gain) on curtailments and settlement	-	18.09	
Net interest cost	4.89	2.20	
Expenses recognised in the statement of profit and loss	**76.97**	**55.70**	
E. Amount recognised in other comprehensive income			
Actuarial (gains) / loss			
- change in financial assumption	(1.52)	(2.91)	
- experience variation	19.91	(0.66)	
Return on plan assets, excluding amount recognised in net interest expense	1.93	0.13	
	20.32	**(3.44)**	

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
F. Assumptions used			
Discount rate	7.60%	7.50%	7.10%
Salary growth rate	6.00%	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	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 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	180.77	195.85	93.95	101.49
Salary growth rate (0.5% movement)	193.53	182.72	99.71	95.59
Withdrawal rate (10% movement)	188.16	187.72	98.44	96.63

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 76.20 Lakhs
3. The average outstanding term of the obligations as at valuation date is 8.68 years.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

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 minus total liabilities

Particulars	As at 31 March 2019		As at 31 March 2018	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	100.8%	3,02,989.39	100.4%	2,08,400.36
Subsidiaries				
IndoStar Home Finance Private Limited	5.7%	17,165.88	2.4%	5,000.12
IndoStar Asset Advisory Private Limited	0.1%	396.33	0.0%	73.30
Minority Interest	-	-	-	-
Less: Inter-Company eliminations	-6.6%	(19,923.32)	-2.9%	(6,001.00)
Total	**100.0%**	**3,00,628.28**	**100.0%**	**2,07,472.78**

Share of Profit or Loss

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	106.0%	25,513.12	105.8%	21,194.02
Subsidiaries				
IndoStar Home Finance Private Limited	-7.9%	(1,906.63)	-5.3%	(1,053.09)
IndoStar Asset Advisory Private Limited	1.3%	323.01	-0.5%	(108.31)
Minority Interest	-	-	-	-
Less: Inter-Company eliminations	0.6%	149.98	-	-
Total	**100.0%**	**24,079.48**	**100.00%**	**20,032.62**

NOTE 40

Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company and Subsidiary Company. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2019, 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.

(Currency : Indian Rupees in Lakhs)

I. Details of the ESOS

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	9-May-16	17-Oct-16	28-Apr-17	15-Dec-17
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 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 Mar 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	1,495,294	2,699,777	2,993,000	1,991,000	1,531,500
Options Granted during the year	-	-	-	-	25,000
Options Forfeited / Lapsed during the year	125,200	145,000	235,500	162,000	120,500
Options Exercised during the year	1,101,894	41,500	197,000	-	-
Number of options Outstanding at the end of the year	268,200	2,513,277	2,560,500	1,829,000	1,436,000
Number of Options exercisable at the end of the year	136,300	2,212,277	595,100	-	-
The weighted average market price of shares exercised during the year ended 31 March 2019	505.33	461.97	472.50	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

III. Option Movement during the year ended Mar 2018

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	14,90,784	24,00,777	27,47,000	-	-
Options Granted during the year	7,500	3,29,000	2,62,000	19,98,500	15,48,500
Options Forfeited / Lapsed during the year	2,990	30,000	16,000	7,500	17,000
Options Exercised during the year	-	-	-	-	-
Number of options Outstanding at the end of the year	14,95,294	26,99,777	29,93,000	19,91,000	15,31,500
Number of Options exercisable at the end of the year	10,50,994	22,39,277	2,73,700	-	-
The weighted average market price of shares exercised during the year ended 31 March 2018	-	-	-	-	-

IV. 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	428.05 - 437.00
No. of Options Outstanding as on 31 March 2019	2,68,200	25,13,277	25,60,500	18,29,000	14,23,000
Contractual Life (in years)	3.29	2.62	4.87	7.06	7.63

V. 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	0.5%	0.5%	0.5%	0.5%	0.5%
Weighted average exercise price (₹ per share)	199.07	240.22	267.24	349.80	430.05

Vi. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	31-Mar-19	31-Mar-18
Employee share based expense (₹)	1,118.54	2,491.24
Total ESOS reserve outstanding at the end of the period (₹)	6,697.71	5,585.05

(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 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS										
Financial assets										
Cash and cash equivalents	3	1,08,363.67	-	**1,08,363.67**	12,786.93	-	**12,786.93**	5,722.93	-	**5,722.93**
Bank balances other than cash and cash equivalents	4	3,558.59	-	**3,558.59**	-	-	**-**	813.58	-	**813.58**
Trade Receivables	5	53.10	-	**53.10**	-	-	**-**	-	-	**-**
Loans	6	2,58,862.13	7,77,504.75	**10,36,366.88**	1,12,560.01	4,77,482.86	**5,90,042.87**	1,20,658.07	3,84,700.47	**5,05,358.54**
Investments	7	30,085.81	-	**30,085.81**	1,00,703.58	-	**1,00,703.58**	18,675.24	-	**18,675.24**
Other financial assets	8	683.16	4,344.35	**5,027.51**	34.92	486.70	**521.62**	0.84	172.30	**173.14**
Non-financial assets										
Current tax assets (net)	9	-	3,586.34	**3,586.34**	-	27.75	**27.75**	-	11.04	**11.04**
Deferred tax assets (net)	10	-	1,755.51	**1,755.51**	-	6,314.88	**6,314.88**	-	4,985.89	**4,985.89**
Property, plant and equipment	11	-	6,624.86	**6,624.86**	-	5,143.73	**5,143.73**	-	692.19	**692.19**
Capital work-in-progress		-	-	**-**	-	830.13	**830.13**	-	-	**-**
Goodwill		-	30,018.69	**30,018.69**	-	-	**-**	-	-	**-**
Intangible assets	12	-	396.43	**396.43**	-	440.89	**440.89**	-	187.92	**187.92**
Other non-financial assets	13	3,561.53	616.46	**4,177.99**	1,824.17	744.86	**2,569.03**	966.09	722.16	**1,688.25**
TOTAL ASSETS		**4,05,167.99**	**8,24,847.39**	**12,30,015.38**	**2,27,909.61**	**4,91,471.80**	**7,19,381.41**	**1,46,836.75**	**3,91,471.97**	**5,38,308.72**

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TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As on 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES										
Financial liabilities										
Trade payables	14	1,947.54	-	**1,947.54**	930.78	-	**930.78**	526.71	-	**526.71**
Debt securities	15	1,44,518.46	2,05,438.60	**3,49,957.06**	1,66,843.34	78,113.65	**2,44,956.99**	88,403.06	92,911.84	**1,81,314.90**
Borrowings (other than debt securities)	16	3,17,123.26	2,26,493.20	**5,43,616.46**	1,13,887.78	1,23,431.05	**2,37,318.83**	57,865.17	98,149.37	**1,56,014.54**
Other financial liabilities	17	30,351.52	2,284.14	**32,635.66**	26,816.99	-	**26,816.99**	15,222.09	-	**15,222.09**
Non-financial liabilities										
Current tax liabilities (net)	18	-	-	**-**	923.04	-	**923.04**	1,040.64	-	**1,040.64**
Provisions	19	99.97	506.65	**606.62**	70.00	333.01	**403.01**	24.27	157.94	**182.21**
Other non-financial liabilities	20	623.76	-	**623.76**	558.99	-	**558.99**	60.96	-	**60.96**
TOTAL LIABILITIES		**4,94,664.51**	**4,34,722.59**	**9,29,387.10**	**3,10,030.92**	**2,01,877.71**	**5,11,908.63**	**1,63,142.90**	**1,91,219.15**	**3,54,362.05**

(Currency : Indian Rupees in Lakhs)

NOTE 42

Business Combination

A. Brief of the Transaction:

The Company 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 ₹ 2,41,473.00 Lakhs, which was completed on 31st March 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

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(Currency : Indian Rupees in Lakhs)

NOTE 43

Changes in financing liabilities

The Company does not have any financing activities which affects the capital and asset structure of the Company without the use of cash and cash equivalents.

NOTE 44

Explanation of transition to Ind AS:

These are the Group's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The consolidated financial statements for the current year have been prepared under Ind AS.

The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the Company has adjusted amounts reported in consolidated financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Group has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1 April 2017).

B. Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Group has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Group for the relevant reporting dates reflecting conditions existing as at that date. Key estimates

- Determination of the discounted value for financial instruments carried are at amortised cost.
- Impairment of financial assets based on the expected credit loss model.

(Currency : Indian Rupees in Lakhs)

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

3. Employee Stock Option Plans:

The Company has availed the exemption under Ind AS 101 for the options which have been issued and the vesting period has expired prior to date of transition.

Reconciliation of net worth as per previous GAAP and that computed under Ind AS

Particulars	As on 1 April 2017	As on 31 March 2018
Net worth under previous GAAP	**1,90,275.41**	**2,13,712.60**
Summary of Ind AS adjustments		
Provision for expected credit loss on financial asset	(4,845.99)	(3,574.20)
Effective interest rate adjustment on loans and advances	(5,014.37)	(7,193.21)
Fair valuation of security deposit	(2.78)	(6.87)
Marked-to-market gain/(loss) on financial instruments	-	(201.00)
Effective interest rate adjustment on borrowings	297.12	185.38
Provision for gratuity	-	(3.22)
Deferred tax on Ind AS	3,237.28	4,553.30
Total Ind AS adjustments	**(6,328.74)**	**(6,239.82)**
Net worth under Ind AS	**1,83,946.67**	**2,07,472.78**

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TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

(Currency : Indian Rupees in Lakhs)

NOTE 44

Reconciliation of total comprehensive income as per previous GAAP and that computed under Ind AS

Particulars	For the year ended 31 March 2018
Profits as per previous GAAP	**22,437.20**
Summary of Ind AS adjustments	
In the statement of profit and loss:	
Provision for expected credit loss on financial asset	1,271.79
Effective interest rate adjustment on loans and advances	(2,178.84)
Fair valuation of security deposit	(4.09)
Marked-to-market gain/(loss) on financial instruments	(201.00)
Effective interest rate adjustment on borrowings	(111.74)
Provision for gratuity	(3.22)
Fair valuation of employee stock options	(2,491.25)
Deferred tax on Ind AS	1,316.02
Total Ind AS adjustments	**(2,402.33)**
Total comprehensive income as per Ind AS	**20,034.87**

As per our report of even date attached

For **S R Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: May 20, 2019

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

Pankaj Thapar
Chief Financial Officer
Place: Mumbai
Date: May20, 2019

Jitendra Bhati
Company Secretary

INDOSTAR

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

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	1 April 2018 to 31 March 2019	1 April 2018 to 31 March 2019
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	Authorised Capital: INR 2000
		Paid Up Capital: INR 1	Paid Up Capital: INR 2000
7	Reserves & surplus	INR 395.32	INR (2,834.12)
8	Total Assets	INR 452.39	INR 56,621.17
9	Total Liabilities	INR 452.39	INR 56,621.17
10	Investments	Nil	Nil
11	Turnover	INR 567.82	INR 4,257.11
12	Profit before taxation	INR 405.89	INR (1,906.63)
13	Provision for taxation	INR 82.88	NIL
14	Profit after taxation	INR 323.01	INR (1,906.63)
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

Place: Mumbai
Date: May 20, 2019

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

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INDOSTAR

Cover Design and Concept: Grey Worldwide India Pvt. Ltd. www.grey.com
Inside Content & Design: Dickenson World www. dickensonworld.com

INDOSTAR

LIFE KA TAKE-OFF

REGISTERED & CORPORATE OFFICE:
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