

INDEPENDENT AUDITOR'S REPORT

To the Members of INDOSTAR CAPITAL FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; the 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by 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, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated 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, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2016 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 of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 25 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - 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.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature:

Date: May 13, 2016



ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED 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")

In conjunction with our audit of the consolidated financial statements of IndoStar Capital Finance Limited as of and for the year ended March 31, 2016, 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 of the Holding Company and 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 **Jayesh Gandhi**

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 13, 2016



91c

IndoStar Capital Finance Limited
Consolidated Balance Sheet as at March 31, 2016

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	73,35,44,290	68,36,50,397
(b) Reserves and surplus	4	14,68,46,17,270	12,16,87,02,049
		15,41,81,61,560	12,85,23,52,446
(2) Non-current liabilities			
(a) Long-term borrowings	5	17,58,86,58,160	16,13,83,57,597
(b) Other Long term liabilities	6	10,24,64,760	13,89,85,631
(c) Long term provisions	7	14,61,39,655	11,95,15,250
		17,83,72,62,575	16,39,68,58,478
(3) Current liabilities			
(a) Short-term borrowings	8	4,99,41,61,851	3,43,92,15,825
(b) Trade payables (Refer note 27)		3,29,14,259	1,93,52,096
(c) Other current liabilities	6	8,59,19,50,714	7,15,09,18,304
(d) Short-term provisions	7	5,83,59,714	5,77,62,010
		13,67,73,86,538	10,66,72,48,235
Total		46,93,28,10,673	39,91,64,59,159
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		3,02,14,999	63,28,439
(ii) Intangible assets		28,75,903	23,83,191
(ii) Capital work in progress		44,25,799	
(b) Non-current investments	10	-	54,60,00,000
(c) Deferred tax assets (net)	11	10,30,19,162	8,51,71,809
(d) Long term loans and advances	12	30,98,50,34,983	24,33,77,45,479
(e) Other non-current assets	13	-	5,37,04,595
		31,12,55,70,846	25,03,13,33,513
(2) Current assets			
(a) Cash and bank balances	14	3,59,60,92,728	4,85,64,59,156
(b) Short-term loans and advances	12	11,85,39,55,992	9,58,28,15,423
(c) Other current assets	13	35,71,91,107	44,58,51,067
		15,80,72,39,827	14,88,51,25,646
Total		46,93,28,10,673	39,91,64,59,159

Significant Accounting Policies

2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S R Batliboi & Co LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants

per Jayesh Gandhi

Partner

Membership No. 37924



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

Vimal Bhandari

MD & CEO

DIN: 00001318

Pankaj Thapar

Chief Financial Officer

Dhanpal Jhaveri

Director

DIN: 02018124

Jitendra Bhatti

Company Secretary

Mumbai

May 13, 2016

Mumbai

May 13, 2016



IndoStar Capital Finance Limited
Consolidated statement of Profit and Loss for the period ended March 31, 2016

(Amount in Rupees)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	15	6,43,99,62,705	5,28,05,29,500
Other income	16	5,39,128	26,559
Total		6,44,05,01,833	5,28,05,56,059
Expenditure			
Employee benefit expenses	17	39,45,01,996	28,05,76,665
Finance cost	18	2,89,25,90,633	2,58,08,16,372
Depreciation and amortisation	9	51,32,309	71,20,134
Other expenses	19	18,23,87,138	12,12,07,019
Provisions for standard assets and NPA	20	3,38,18,664	3,03,72,218
Total		3,50,84,30,740	3,02,00,92,408
Profit before taxation		2,93,20,71,093	2,26,04,63,651
Provision for taxation			
Current tax		1,03,34,99,106	77,39,57,472
Deferred tax		(1,78,47,351)	(38,68,851)
Total tax expense		1,01,56,51,755	77,00,88,621
Net profit after taxes		1,91,64,19,338	1,49,03,75,030
Earnings per share	21		
Basic (Rs.)		26.75	21.72
Diluted (Rs.)		26.41	21.43
Nominal value of equity share (Rs.)		10	10

Significant Accounting Policies

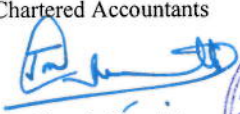
2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date


For S R Batliboi & Co LLP


ICAI Firm Registration No. 301003E/E300005
Chartered Accountants


per Jayesh Gandhi
Partner
Membership No. 37924



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


Vimal Bhandari
MD & CEO
DIN: 00001318


Dhanpal Jhaveri
Director
DIN: 02018124


Pankaj Thapar
Chief Financial Officer


Jitendra Bhati
Company Secretary

Mumbai
May 13, 2016

Mumbai
May 13, 2016



IndoStar Capital Finance Limited
Consolidated cash flow statement for the year ended March 31, 2016

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Cash flow from operating activities		
Profit before taxes	2,93,20,71,093	2,26,04,63,651
Depreciation and amortisation	51,32,309	71,20,134
Loss / (profit) on sale of fixed assets (net)	21,409	22,444
Provisions for non performing assets	6,15,025	-
Provisions for standard assets	3,32,03,639	3,03,72,218
Provision for gratuity	8,40,733	7,41,823
Provision for leave encashment	7,52,547	11,60,909
Operating profit before working capital changes	2,97,26,36,755	2,29,98,81,179
Movements in working capital:		
Increase / (decrease) in trade payables	1,35,62,163	1,66,48,067
Increase in other liabilities	1,40,45,11,539	76,38,72,693
(Increase) / Decrease in loans and advances	(8,91,84,30,073)	(8,05,13,22,135)
(Increase) / Decrease in other assets	14,23,64,555	(13,76,35,210)
Cash generated from operations	(4,38,53,55,061)	(5,10,85,55,406)
Direct taxes paid (net of refunds)	(1,04,16,88,943)	(76,76,33,505)
Net cash flow from / used in operating activities (A)	(5,42,70,44,004)	(5,87,61,88,911)
B. Cash flows from investing activities		
Purchase of fixed including intangible assets	(2,95,35,349)	(50,31,832)
Increase in Capital work in progress	(44,25,799)	-
Proceeds from sale of fixed assets	2,359	31,291
Repayments from fixed income debt instruments	54,60,00,000	6,24,00,000
Bank deposits (having original maturity of more than three months)(net)	2,65,50,00,000	(2,32,00,00,000)
Net cash used in investing activities (B)	3,16,70,41,211	(2,26,26,00,541)
C. Cash Flows from financing activities		
Call made on partly paid shares	64,93,46,738	-
Forfeiture of Equity Shares	43,038	-
Amount raised from short term borrowings	1,55,49,46,026	1,77,07,91,350
Term loans from banks	2,34,41,979	1,66,21,87,077
Amount received on issue of NCDs	1,42,68,58,584	2,56,04,69,460
Net cash from financing activities (C)	3,65,46,36,365	5,99,34,47,887
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,39,46,33,572	(2,14,53,41,565)
Cash and Cash Equivalents at the beginning of the year	2,12,14,59,156	4,26,68,00,721
Cash and Cash Equivalents at the end of the year	3,51,60,92,728	2,12,14,59,156
Components of Cash and Cash Equivalents	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash and Cash Equivalents at the end of the year		
i) Cheque on hand	4,16,569	40,88,610
ii) Cash on hand	52,986	10
ii) Balances with scheduled banks in:		
Current accounts	94,01,73,173	28,73,70,536
Deposits with original maturity of less than three months	2,57,54,50,000	1,83,00,00,000
Total cash and cash equivalents	3,51,60,92,728	2,12,14,59,156

As per our report of even date

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

per Jayesh Gandhi
Partner
Membership No. 37924



Mumbai
May 13, 2016

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

Vimal Bhandari
MD & CEO
DIN: 00001318

Dhanpal Jhaveri
Director
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Mumbai
May 13, 2016



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 3- Share capital

Amount in Rupees

Particulars	As at March 31, 2016	As at March 31, 2015
Authorised 8,00,00,000 (March 31, 2015: 8,00,00,000) Equity Shares of Rs.10/- each	80,00,00,000	80,00,00,000
	80,00,00,000	80,00,00,000
Issued & Subscribed Equity Shares 73,354,429 (March 31, 2015: 6,86,19,947) equity shares of Rs. 10/- each fully paid up	73,35,44,290	68,61,99,470
Less: Nil (March 31, 2015: 2,60,958) equity shares of Rs 10/- each fully paid up issued to employees through Indostar trust or held by Indostar trust	-	(26,09,584)
Nil (March 31, 2015: 90,38,250) equity shares of Rs. 10/- each Rs 0.01 paid up per share	-	90,383
Less: Nil (March 31, 2015: 29,87,240) equity shares of Rs 10/- each Rs.0.01 paid up issued to employees through Indostar trust or held by Indostar trust	-	(29,872)
Total	73,35,44,290	68,36,50,397

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers of shares	Amount in Rupees	Numbers of shares	Amount in Rupees
Shares outstanding at the beginning of the year	7,76,58,197	68,62,89,853	7,76,58,197	68,62,89,853
Issued during the period	-	-	-	-
	7,76,58,197	68,62,89,853	7,76,58,197	68,62,89,853
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar trust	-	-	-	(26,09,584)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar trust	-	-	-	(29,872)
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share	-	4,72,97,475	-	-
Less: 4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money	(43,03,768)	(43,038)	-	-
Shares outstanding at the end of the year	7,33,54,429	73,35,44,290	7,76,58,197	68,36,50,397

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 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.

c. Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs. 10/- each Indostar Capital (Mauritius) (Holding Company)	7,13,69,635	97.30	6,80,35,332	87.61

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

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 23.



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 4- Reserves and Surplus

(Amount in Rupees)

Particulars	As at March 31, 2016	As at March 31, 2015
Securities Premium Account		
Balance as per last account	8,22,71,28,268	8,22,71,28,268
Add: Received during the period	56,81,37,840	
Less: Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	-	(3,13,15,005)
Closing balance	8,79,52,66,108	8,19,58,13,263
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	80,89,60,195	51,08,85,189
Add: Transfer from surplus balance in statement of profit and loss (at year end)	38,20,31,107	29,80,75,006
Closing balance	1,19,09,91,302	80,89,60,195
Capital Reserve (4,303,768 shares Rs.0.01 paid up per share forfeited on non-payment of call money and amount received transferred)	43,038	-
Closing balance	43,038	-
Surplus in Statement of profit and loss		
Balance as per last account	3,16,39,28,591	1,97,16,28,567
Add: Profit for the current year	1,91,64,19,338	1,49,03,75,030
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(38,20,31,107)	(29,80,75,006)
Net surplus in the statement of profit and loss	4,69,83,16,822	3,16,39,28,591
Total	14,68,46,17,270	12,16,87,02,049



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 5 - Long term borrowings

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,59,64,93,655	4,92,57,19,985	9,57,30,51,676	5,83,75,93,695
Redeemable non convertible debentures				
Secured	7,99,21,64,505	2,50,00,00,000	6,56,53,05,921	32,27,05,230
Less: transferred to Other liabilities	-	(7,42,57,19,985)	-	(6,16,02,98,925)
Total	17,58,86,58,160	-	16,13,83,57,597	-

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2016		As at March 31, 2015	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	33,35,99,997
Axis Bank Limited - TL II	>=10.20%<12.15%	13-Quarterly repayments	15,38,46,154	30,76,92,308	46,15,38,462	30,76,92,308
Axis Bank Limited - TL III	>=10.20%<12.15%	13-Quarterly repayments	24,61,53,846	12,30,76,924	9,23,07,692	76,92,308
Bank of Baroda Limited	>=10.20%<12.15%	16-Quarterly repayments	25,00,00,000	25,00,00,000	50,00,00,000	25,00,00,000
Bank of Baroda Limited - TL II	>=10.20%<12.15%	20-Quarterly repayments	50,00,00,000	20,00,00,000	70,00,00,000	20,00,00,000
Bank of India Limited	>=10.20%<12.15%	16-Quarterly repayments	37,50,00,000	37,50,00,000	75,00,00,000	37,50,00,000
Canara Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	33,36,00,000	33,36,00,000	33,32,00,000
Corporation Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	5,00,00,000	5,00,00,000	10,00,00,000
Corporation Bank Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	20,00,00,001	6,66,66,666	26,66,66,667	3,33,33,333
Dena Bank	>=10.20%<12.15%	8 - Half yearly repayments	15,00,00,000	-	-	-
Development Credit Bank Limited	>=10.20%<12.15%	7-Quarterly repayments	-	-	-	10,72,00,000
Federal Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	8,33,33,332	8,33,33,333	8,33,33,333
Federal Bank Limited - TL II	>=10.20%<12.15%	12-Quarterly repayments	2,49,96,668	3,33,33,332	5,83,33,290	3,33,33,332
ICICI Bank Limited	>=10.20%<12.15%	11-Quarterly repayments	-	-	-	9,09,09,091
ICICI Bank Limited - II	>=10.20%<12.15%	10-Quarterly repayments	30,00,00,000	40,00,00,000	70,00,00,000	30,00,00,000
IDBI Bank Limited	>=10.20%<12.15%	18 - Quarterly repayments	36,11,11,110	11,11,11,112	-	-
Indian Overseas Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	44,44,44,444	22,22,22,223	66,66,66,667	22,22,22,222
Indusind Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	7,50,00,000	7,50,00,000	10,00,00,000
IndusInd Bank Limited - TL II	>=10.20%<12.15%	10-Quarterly repayments	3,00,00,000	12,00,00,000	15,00,00,000	12,00,00,000
ING Vysya Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	4,16,66,667	4,16,66,667	16,66,66,667
ING Vysya Bank Limited - TL III	>=10.20%<12.15%	20-Quarterly repayments	57,50,00,000	20,00,00,000	77,50,00,000	20,00,00,000
Kotak Mahindra Bank Limited - TL II	>=10.20%<12.15%	12-Quarterly repayments	-	8,33,33,334	8,33,33,333	16,66,66,667
Kotak Mahindra Bank Limited - TL III	>=10.20%<12.15%	16-Quarterly repayments	43,75,00,000	25,00,00,000	68,75,00,000	25,00,00,000
Punjab National Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	13,33,36,924	13,33,33,333	33,33,33,333
Punjab National Bank - II	>=10.20%<12.15%	16-Quarterly repayments	48,12,50,000	6,87,50,000	-	-
South Indian Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	16,66,66,672	5,55,55,552	22,22,22,224	2,77,77,776
South Indian Bank - II	>=10.20%<12.15%	16-Quarterly repayments	23,43,75,000	1,56,25,000	-	-
State Bank of Bikaner and Jaipur Limited	>=10.20%<12.15%	12-Quarterly repayments	16,425	16,66,66,667	16,66,66,666	16,66,66,667
State Bank of Bikaner and Jaipur Limited - II	>=10.20%<12.15%	8 - Half yearly repayments	75,00,00,000	-	-	-
State Bank of Hyderabad Limited	>=10.20%<12.15%	12-Quarterly repayments	-	8,33,33,279	8,33,33,333	16,66,66,667
State Bank of Hyderabad Limited - II	>=10.20%<12.15%	18-Quarterly repayments	83,33,33,335	16,66,66,665	-	-
State Bank of India Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	66,72,00,000
State Bank of India Limited - TL II	>=10.20%<12.15%	18-Quarterly repayments	1,44,43,00,000	44,44,00,000	1,88,87,00,000	11,13,00,000
State Bank of Mysore Limited	>=10.20%<12.15%	12-Quarterly repayments	-	2,06,50,001	2,06,50,009	8,33,99,997
State Bank of Mysore Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	41,65,00,000	16,67,00,000	58,32,00,000	16,68,00,000
State Bank of Mysore Limited - TL III	>=10.20%<12.15%	9 - Half yearly repayments	44,44,00,000	5,56,00,000	-	-
State Bank of Patiala Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	33,35,99,997
State Bank of Patiala - II	>=10.20%<12.15%	9 - Half yearly repayments	77,76,00,000	22,24,00,000	-	-
Total			9,59,64,93,655	4,92,57,19,985	9,57,30,51,676	5,83,75,93,695

Nature of Security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivable of Rs. 23,144,053,552/- (March 2015 Rs. 21,689,503,800/-)

b) Non Convertible Debenture

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

Terms of repayment as on March 31, 2016

Redeemable within	As at March 31, 2016		As at March 31, 2015	
	Rate of interest		Rate of interest	
	>= 0% < 12.25%		>= 0% < 13%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
0-12 Months	-	2,50,00,00,000	-	32,27,05,230
12-24 Months	1,76,08,36,605	-	2,50,00,00,000	-
24-36 Months	3,73,13,27,900	-	1,34,93,68,636	-
36-48 Months	1,35,00,00,000	-	1,21,59,37,285	-
48-60 Months	1,00,00,00,000	-	1,35,00,00,000	-
Above 60 Months	15,00,00,000	-	15,00,00,000	-
Total	7,99,21,64,505	2,50,00,00,000	6,56,53,05,921	32,27,05,230

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:

- 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 Rs 11,654,260,000/- (March 2015: Rs 7,97,61,06,000); and
- 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



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 6- Other liabilities

(Amount in Rupees)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
Deposits from clients	-	-	-	21,03,26,231
Unamortised fees	10,24,64,760	7,60,40,637	13,89,85,631	6,31,84,606
Interest accrued but not due on loans	-	74,17,57,195	-	58,40,93,633
Tax deducted at source payable	-	90,66,181	-	89,07,821
Statutory liabilities Payable	-	6,88,017	-	5,60,824
Current maturities of long term debts (Refer note 5)	-	7,42,57,19,985	-	6,16,02,98,925
Book Overdraft	-	17,81,11,795	-	-
Employee benefits payable	-	15,37,41,500	-	11,00,00,000
Others	-	68,25,404	-	1,35,46,264
Total	10,24,64,760	8,59,19,50,714	13,89,85,631	7,15,09,18,304

Note 7- Provisions

(Amount in Rupees)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Long term	Short term
For employee benefit				
For gratuity	4,14,975	14,29,946	-	10,04,188
For leave encashment and availment	25,89,610	3,00,759	20,52,181	85,641
For Others				
For non-performing assets	2,00,00,000	-	1,93,84,975	-
For standard assets	12,31,35,070	4,84,70,711	9,80,78,094	4,03,24,048
For income tax (net of advance tax)	-	81,58,298	-	1,63,48,133
Total	14,61,39,655	5,83,59,714	11,95,15,250	5,77,62,010



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 8- Short term borrowing

(Amount in Rupees)

Particulars	As at March 31, 2016	As at March 31, 2015
Secured Loan		
Bank overdraft	1,08,86,73,837	-
Unsecured Loan		
Commercial papers		
i) From banks	50,00,00,000	25,00,00,000
ii) other than banks	3,50,00,00,000	3,25,00,00,000
Less: Unamortised discount	(9,45,11,986)	(6,07,84,175)
	3,90,54,88,014	3,43,92,15,825
Total	4,99,41,61,851	3,43,92,15,825



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 9- Fixed assets

Amount in Rupees

Particulars	Tangible Assets						Intangible Assets	Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
Gross Block								
As at March 31, 2014	15,05,100	46,54,510	20,41,463	27,68,288	1,64,53,451	2,74,22,812	14,86,520	2,89,09,332
Additions	-	23,87,785	7,46,633	1,24,890	-	32,59,308	17,72,524	50,31,832
Deletions	-	82,037	72,800	-	-	1,54,837	-	1,54,837
As at March 31, 2015	15,05,100	69,60,258	27,15,296	28,93,178	1,64,53,451	3,05,27,283	32,59,044	3,37,86,327
Additions	-	92,48,797	20,16,017	12,80,518	1,53,19,058	2,78,64,390	16,70,959	2,95,35,349
Deletions	-	-	4,25,563	1,39,813	-	5,65,376	-	5,65,376
As at March 31, 2016	15,05,100	1,62,09,055	43,05,750	40,33,883	3,17,72,509	5,78,26,297	49,30,003	6,27,56,300
Depreciation								
As at March 31, 2014	-	28,70,287	10,28,466	12,07,324	1,27,00,792	1,78,06,869	2,48,795	1,80,55,664
Additions	-	16,56,045	5,25,161	5,59,215	37,52,659	64,93,080	6,27,058	71,20,138
Deletions	-	70,771	30,334	-	-	1,01,105	-	1,01,105
As at March 31, 2015	-	44,55,561	15,23,293	17,66,539	1,64,53,451	2,41,98,844	8,75,853	2,50,74,697
Additions	-	21,83,366	8,09,531	6,11,450	3,49,715	39,54,062	11,78,247	51,32,309
Deletions	-	-	4,20,424	1,21,184	-	5,41,608	-	5,41,608
As at March 31, 2016	-	66,38,927	19,12,400	22,56,805	1,68,03,166	2,76,11,298	20,54,100	2,96,65,398
Net Block								
As at March 31, 2015	15,05,100	25,04,697	11,92,003	11,26,639	-	63,28,439	23,83,191	87,11,630
As at March 31, 2016	15,05,100	95,70,128	23,93,350	17,77,078	1,49,69,343	3,02,14,999	28,75,903	3,30,90,902



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

(Amount in Rupees)

Note 10 - Non-current investments

Particulars	As at March 31, 2016			As at March 31, 2015		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Quoted -Investments in debentures						
Indrajit Power Private Limited	-	-	-	8,40,000	650	54,60,00,000
Total		-	-		650	54,60,00,000
Aggregate Value of Quoted Investments						
Cost of acquisition*			-			54,60,00,000
Market value*			-			54,60,00,000

*Investment in debentures of Indrajit Power Private Limited (the Company) are privately placed and listed on BSE. However there are no trades in the debentures of the Company. Hence the cost of Investment is considered as market value.



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 11- Deferred tax assets (net)

(Amount in Rupees)

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	29,40,919	38,22,089
Provision for standard assets	5,93,89,329	4,70,42,888
Origination fees unamortised	6,17,77,148	6,87,17,664
Provision for gratuity	6,38,490	3,41,324
Provision for leave encashment	10,00,299	7,26,646
Provision for non performing assets	69,21,600	65,88,953
Total (A)	13,26,67,785	12,72,39,563
Deferred tax liability created during the year		
Borrowing costs amortisation	2,96,48,623	4,20,67,754
Total (B)	2,96,48,623	4,20,67,754
Net deferred tax asset (A-B)	10,30,19,162	8,51,71,809



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

(Amount in Rupees)

Note 12- Loans and advances

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits	1,90,92,566	-	45,83,548	-
Unsecured, considered good				
Secured, considered good				
Hypothecation loans	16,88,10,82,511	4,51,44,88,179	14,87,90,01,623	4,64,96,95,571
Debentures	13,90,26,75,148	1,45,26,25,594	8,59,00,32,569	66,06,39,560
Short term loans	-	1,00,00,00,000	-	1,00,00,00,000
Secured, considered doubtful				
Hypothecation loans	10,00,00,000	-	19,38,49,748	-
Unsecured, considered good				
Hypothecation loans	-	-	57,14,28,572	22,85,71,428
Debentures	-	-	-	-
Short term loans	-	4,80,00,00,000	-	2,97,31,00,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	1,73,99,654	-	85,99,765
Prepaid expenses	8,21,84,758	6,32,70,925	9,88,49,419	6,12,95,248
Service tax (Including Input credit)	-	16,13,430	-	4,01,640
Others	-	45,58,210	-	5,12,211
Total	30,98,50,34,983	11,85,39,55,992	24,33,77,45,479	9,58,28,15,423

(Amount in Rupees)

Note 13- Other assets

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	-	-	1,10,13,897
Interest accrued but not due on loans	-	35,05,60,141	5,37,04,595	41,45,61,975
Interest accrued on fixed deposits with banks	-	66,30,966	-	2,02,75,195
Total	-	35,71,91,107	5,37,04,595	44,58,51,067



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

(Amount in Rupees)

Notes 14- Cash and bank balances

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Cash on hand	-	52,986	-	10
ii) Balances with scheduled banks in:				
Current accounts	-	94,01,73,173	-	28,73,70,536
Deposits with original maturity of less than three months	-	2,57,54,50,000	-	1,83,00,00,000
iii) Cheque on hand	-	4,16,569	-	40,88,610
Deposits with original maturity of more than three months but less than six months	-	8,00,00,000	-	2,73,50,00,000
Total	-	3,59,60,92,728	-	4,85,64,59,156



IndoStar Capital Finance Limited

Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 15- Revenue from operations

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on:		
- Loan portfolio and related charges	5,34,50,95,632	4,24,34,24,251
- Deposits with banks	23,68,34,368	33,74,35,026
- Fixed income debt instruments	6,20,85,818	8,56,43,739
Other financial services:		
- Origination fees	68,12,93,336	51,28,48,373
- Syndication & other fees	11,46,53,551	8,87,82,290
- Gain on sale of loan assets	-	1,23,95,821
Total	6,43,99,62,705	5,28,05,29,500

Note 16- Other income

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Dividend from debt mutual fund units	5,37,221	-
Miscellaneous income	1,907	26,559
Total	5,39,128	26,559

Note 17- Employee benefit expenses

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, other allowances and bonus	38,36,73,813	27,09,88,098
Gratuity expenses	8,40,733	16,01,823
Leave encashment	8,21,401	12,74,798
Contribution to provident and other funds	70,61,065	47,63,218
Staff welfare expenses	21,04,984	19,48,728
Total	39,45,01,996	28,05,76,665

Note 18- Finance cost

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense on		
Debtentures	97,11,08,012	75,37,79,000
Deposits from clients	11,16,386	6,73,14,489
Loans from banks	1,60,87,01,293	1,48,76,87,478
Commercial paper	22,56,49,689	19,08,12,480
Other borrowing costs		
Processing charges on loans	5,03,73,481	5,27,64,990
Bank charges & other related costs	3,56,41,772	2,84,57,935
Total	2,89,25,90,633	2,58,08,16,372



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

(Amount in Rupees)		
Note 19- Other expenses		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	2,32,02,144	1,77,44,034
Rates & taxes	81,84,545	84,48,677
Printing & stationery	14,04,742	6,02,928
Travelling & conveyance	74,48,621	37,01,571
Advertisement	5,21,447	1,95,323
Business Promotion	24,53,734	20,80,511
Conference charges	3,51,604	1,43,748
Commission & brokerage	2,75,55,862	10,29,357
Office expenses	2,05,00,387	1,38,95,900
Directors' sitting fees	48,78,483	80,09,444
Insurance	15,26,366	37,86,579
Communication expenses	21,40,919	11,50,341
Payment to auditor		
- Audit fees	37,08,556	26,65,736
- Tax audit fees	3,21,750	3,18,540
- Certification	-	2,70,881
- Out of pocket	-	53,143
Loss on sale of loan assets	78,95,700	-
CSR expenses	1,25,00,000	1,00,00,000
Legal & professional charges	5,54,64,112	4,48,08,908
Loss on sale of fixed assets (net)	21,409	22,444
Membership & subscriptions	23,04,205	22,64,674
Miscellaneous expenses	2,552	14,280
Total	18,23,87,138	12,12,07,019

Note 20- Provisions		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for standard assets	3,32,03,639	3,03,72,218
Provision for non-performing assets	6,15,025	-
Total	3,38,18,664	3,03,72,218



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the period ended March 31, 2016

Note 21- Earnings per share	Amount in Rupees except for no. of equity shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Particulars		
Net Profit after tax as per profit and loss account Amount in Rupees (A)	1,91,64,19,338	1,49,03,75,030
Weighted average number of equity shares for calculating Basic EPS (B)	7,16,41,552	6,86,28,985
Weighted average number of equity shares for calculating Diluted EPS (C)	7,25,54,552	6,95,52,985
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	26.75	21.72
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	26.41	21.43

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average number of equity shares for calculating Basic EPS	7,16,41,552	6,86,28,985
Add : Equity shares for no consideration arising on grant of stock options under ESOP	9,13,000	9,24,000
Weighted average number of equity shares in calculating Diluted EPS	7,25,54,552	6,95,52,985



IndoStar Capital Finance Limited																	
Notes forming part of the consolidated financial statements for the year ended March 31, 2016																	
1.	Basis of preparation																
	The Consolidated financial statements relates to M/s. IndoStar Capital Finance Limited (the company), its subsidiary companies. The company, its subsidiary companies constitute the group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under provisions of the Companies Act, 2013 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.																
2.	Basis of Consolidation																
i.	The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company i.e. year ended March 31, 2016 and are prepared based on the accounting policies consistent with those used by the company.																
ii.	The financial statements of the group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' in consolidated financial statements, notified under the provisions of the Companies Act, 2013 (the 'Act') and other generally accepted accounting principles in India.																
iii.	The consolidated financial statements have been prepared on the following basis :																
1	The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.																
2	The excess of cost to the company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.																
3	Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.																
iv.	The subsidiary company IndoStar Asset Advisory Private Limited (IAAPL) and IndoStar Home Finance Private Limited (IHFPPL) are 100% subsidiaries of IndoStar Capital Finance Limited and same is considered for preparation of consolidated financial statements.																
2.1	Significant Accounting Policies																
(a)	Presentation and disclosure of financial statements																
	The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within twelve months from the date of financials statements are classified as current and other assets / liabilities are classified as non current.																
(b)	Use of estimates																
	The preparation of financial statements are in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.																
	Change of estimate																
	During the year ended March 31, 2016 the company has changed its accounting estimate related to the recognition of origination fees collected from the clients, based on the fees collected and behaviour of the loan portfolio. Had the Company followed earlier estimates, profit for the year would have been lower by Rs. 627.03 Lakhs.																
(c)	Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment																
	Tangible Fixed Assets Fixed assets 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 fixed 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. Depreciation on tangible fixed assets Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Act. The estimated useful life used are as follows:																
	<table border="1"> <thead> <tr> <th>Particulars</th><th>Estimated useful life by the Company</th><th>Useful life as prescribed by Schedule II of the Companies Act, 2013</th></tr> </thead> <tbody> <tr> <td>Furniture and Fixtures</td><td>5 Years</td><td>10 Years</td></tr> <tr> <td>Office Equipments</td><td>5 Years</td><td>5 Years</td></tr> <tr> <td>Office Equipments - Mobiles</td><td>2 Years</td><td>5 Years</td></tr> <tr> <td>Computers</td><td>3 Years</td><td>3 Years</td></tr> </tbody> </table>	Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013	Furniture and Fixtures	5 Years	10 Years	Office Equipments	5 Years	5 Years	Office Equipments - Mobiles	2 Years	5 Years	Computers	3 Years	3 Years	
Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013															
Furniture and Fixtures	5 Years	10 Years															
Office Equipments	5 Years	5 Years															
Office Equipments - Mobiles	2 Years	5 Years															
Computers	3 Years	3 Years															
	Useful life of assets different from prescribed in Schedule II has been estimated by management and supported by technical assessment.																
	Leasehold improvement is amortised on Straight Line Method over the lease term.																
	All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.																
	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.																
	Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.																
	Intangible assets Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.																



	<p>Impairment of assets</p> <p>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 wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.</p>
(d)	<p>Investments</p> <p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p>
(e)	<p>Provisioning / Write-off of assets</p> <p>Non performing loans are written off / provided as per the minimum provision required under the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Pursuant to Reserve Bank India (RBI) notification no. DNBR 011/CGM (CDS) dated March 27, 2015, the company has revised its recognition norms of Non- Performing Assets (NPA) from 180 days to 150 days. Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India.</p>
(f)	<p>Loans</p> <p>Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.</p>



(g)	Leases <i>Where the Company is the lessee</i> Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss account on a straight-line basis over the lease term.
(h)	Foreign currency translation Initial recognition Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction. Conversion Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet. Exchange differences All exchange differences are dealt with in the Statement of profit and loss account.
(i)	Revenue recognition Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. i. Income from financing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis. ii. Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities. iii. Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. iv. Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan. v. Dividend is recognised as income when right to receive payment is established. vi. Profit/loss on the sale of investments is determined on the basis of the weighted average cost method. vii. Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan. viii. Management fees are recognised on accrual basis as per the terms of the agreement. ix. Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.
(j)	Retirement and other employee benefits 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 in the year it is incurred. 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. 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.
(k)	Income tax Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
(l)	Segment reporting The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.
(m)	Earnings per share Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
(n)	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.
(o)	Referral Fees Referral fees expenses to the distributors is amortised over the term of fund.
(p)	Cash and cash equivalents Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit.
(q)	Borrowing costs Borrowing cost includes interest and are charged to Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.
(r)	Employee stock compensation costs Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.
(s)	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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 22 - 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.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and loss account

Amount in Rupees		
Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Net employee benefit expense (recognized in employee cost)		
Current service cost	14,96,619	10,40,154
Interest cost on benefit obligation	3,17,318	2,06,679
Expected return on plan assets	(3,33,616)	(2,28,767)
Net actuarial (gain) / loss recognised in the year	(6,39,588)	5,83,757
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	8,40,733	16,01,823

Balance sheet

Amount in Rupees		
Particulars	As at March 31, 2016	As at March 31, 2015
Details of Provision for gratuity		
Defined benefit obligation	(51,87,432)	(40,77,761)
Fair value of plan assets	33,42,511	30,73,573
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(18,44,921)	(10,04,188)

Changes in the present value of the defined benefit obligation are as follows:

Amount in Rupees		
Particulars	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	40,77,761	22,77,797
Interest cost	3,17,318	2,06,679
Current service cost	14,96,619	10,40,154
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(7,04,266)	5,53,131
Closing defined benefit obligation	51,87,432	40,77,761

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2016	As at March 31, 2015
Investments with insurer	33,42,511	30,73,573

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	As at March 31, 2016	As at March 31, 2015
Discount Rate	7.80%	7.80%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

*10% at younger ages reducing to 6% at older ages

Amounts for the Current and previous four years are as follows:

Amount in Rupees					
Particulars	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	51,87,432	40,77,761	22,77,797	20,19,308	9,18,890
Plan assets	33,42,511	30,73,573	20,15,432	14,15,180	-
Surplus / (deficit)	(18,44,921)	(10,04,188)	(2,62,365)	(6,04,128)	(9,18,890)
Experience adjustments on plan liabilities	(16,82,888)	26,861	(6,32,462)	(2,08,423)	(4,29,171)
Experience adjustments on plan assets	64,678	30,626	12,284	49,041	-



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 23- Employee stock option plans

The company provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and During the year ended 31 March 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 20 June 2012, the board of directors approved the share-based employee benefits ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the key employees and directors of the company. According to the Scheme 2012, 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.

Other relevant terms of the grant are as follows	Terms
Vesting period	5 years
Exercise period	4 years from the date of vesting
Expected life	5 years
Market price	NIL

The details of activity under the Scheme 2012 are summarized below:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14
Number of option granted	2,03,000	1,00,000	20,000	10,000	6,66,000
Number of option cancelled	30,000	-	20,000	10,000	26,000
Number of option outstanding	1,73,000	1,00,000	-	-	6,40,000
Weighted average remaining contractual life (in years)	5	6	4	4	6
Weighted average fair value of options granted (Rs)	99.63	102.52	91.11	92.16	105.67
Weighted Average Exercise Price (Rs)	140.00	145.00	145.10	147.24	149.37

The range of exercise prices for options outstanding at the end of the year was Rs 140.00 to Rs 149.37 (31 March 2015: Rs 140.00 to Rs 149.37)

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733
Risk-free interest rate	8%	8%	8%	8%	8%
Weighted average share price (Rs)	Nil	Nil	Nil	Nil	Nil
Exercise price (Rs)	140.00	145.00	145.10	147.24	149.37
Expected life of options granted in years	5	6	4	4	6

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax as reported	1,91,64,19,338	1,49,03,75,030
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	4,31,66,392	2,67,39,061
Proforma profit after tax	1,87,32,52,946	1,46,36,35,969
Earnings Per Share		
Basic		
- As reported	26.75	21.72
- Proforma	26.15	21.33
Diluted		
- As reported	26.41	21.43
- Proforma	25.82	21.04



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 24 - Related party disclosure

Names of related parties and related party relationships

Holding Company	Indostar Capital (Mauritius)
Subsidiary Companies	IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited
Key Managerial Personnel	Vimal Bhandari - MD & CEO Shailesh Shirali - Wholtime Director

I. Related party with whom transactions have taken place during the period

Name of related party & nature of relationship	Particulars	Amount in Rupees	
		For the year ended March 31, 2016	For the year ended March 31, 2015
Key managerial personnel Vimal Bhandari	Investment in share capital	68,55,138	-
	Securities premium	8,23,44,000	-
	Remuneration paid*	4,84,87,993	4,39,39,375
	Expenses reimbursed	6,59,267	7,25,048
Shailesh Shirali	Investment in share capital	2,30,53,843	-
	Securities premium	27,69,23,040	-
	Remuneration paid*	4,89,97,036	4,66,49,499

*include bonus on accrual basis

II. Balance as at period end

Name of related party & nature of relationship	Particulars	Amount in Rupees	
		As at March 31, 2016	As at March 31, 2015
Holding Company Indostar Capital (Mauritius)	Investment in share capital	71,36,96,350	68,03,53,320
	Securities premium	8,56,43,56,200	8,16,42,39,840
Key managerial personnel Vimal Bhandari	Investment in share capital	43,14,580	23,14,552
	Securities premium	5,17,74,960	2,76,92,280
Shailesh Shirali	Investment in share capital	59,69,150	23,077
	Securities premium	7,16,29,800	-



IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 25- Contingent liabilities and Commitments

Amount in Rupees

Capital and other commitments	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account	1,83,47,580	-
Income Tax	2,55,032	
Loans sanctioned not yet disbursed	3,39,25,30,921	4,45,97,52,370

Note 26- Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 2,32,02,144 (March 31, 2015: Rs. 1,77,44,034). The non-cancellable operating lease agreements are for a period of 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Amount in Rupees

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Minimum Lease Payments:</u>		
Not later than one year	3,49,97,101	1,65,41,844
Later than one year but not later than five years	14,15,24,393	6,56,15,980
Later than five years	61,67,535	-

Note 27 - Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Amount in Rupees

Particulars	As at March 31, 2016	As at March 31, 2015
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-




IndoStar Capital Finance Limited
Notes forming part of the consolidated financial statements for the year ended March 31, 2016


Note 28- Previous years comparative

Previous year / periods figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year / periods presentation.


As per our report of even date

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


per Jayesh Gandhi
Partner
Membership No. 37924

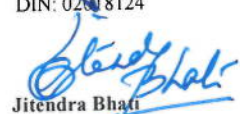


For and on behalf of the Board of Directors of
IndoStar Capital Finance Limited


Vimal Bhandari
MD & CEO
DIN: 00001318


Pankaj Thapar
Chief Financial Officer


Dhanpal Jhaveri
Director
DIN: 02018124


Jitendra Bhat
Company Secretary

Mumbai
May 13, 2016

Mumbai
May 13, 2016



Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1	CIN	U67100MH2013PTC240676	U65990MH2016PTC271587
2	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2015 to 31 March 2016	1 January 2016 to 31 March 2016
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR
5	Share capital	Authorised Capital: INR 10,00,000 Paid Up Capital: INR 100,000	Authorised Capital: INR 10,50,00,000 Paid Up Capital: INR 10,00,00,000
6	Reserves & surplus	INR 47,48,498	INR 10,60,006
7	Total Assets	INR 3,01,02,016	INR 10,14,31,142
8	Total Liabilities	INR 3,01,02,016	INR 10,14,31,142
9	Investments	Nil	Nil
10	Turnover	INR 2,51,16,435	-
11	Profit/ (Loss) before taxation	INR 75,31,610	INR 15,34,018
12	Provision for taxation	INR 23,27,814	INR 4,74,012
13	Profit/ (Loss) after taxation	INR 52,03,796	INR 10,60,006
14	Proposed Dividend	Nil	Nil
15	% of shareholding	100% by IndoStar Capital Finance Limited	100% by IndoStar Capital Finance Limited

Notes:

1. IHFPL is yet to commence it's Business operations.
2. There were no subsidiaries which have been liquidated or sold during the year.
3. Income from Fixed deposits during the period is INR 16,01,269

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

Vimal Bhandari

Vimal Bhandari
Managing Director
DIN: 00001318

Dhanpal Jhaveri

Dhanpal Jhaveri
Director
DIN: 02018124

Pankaj Thapar

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 13, 2016

