IndoStar Capital Finance Limited

Enhancing Capabilities.
Enriching Connections.





Annual Report
2023-24

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Key Numbers defining IndoStar Capital Finance 2.0

AUM
₹ 8,763 Crore

Disbursement
₹ 5,497 Crore

Net Total Income
₹ 710.2 Crore

CRAR
28.9%
Standalone

Net Interest Margin
5.9%

Profit After Tax
₹ 115.8 Crore

Cash and Cash Equivalent
₹ 963.1 Crore

Number of Branches
515

To get this report online and for any other information, log on to:
www.indostarcapital.com

Enhancing Capabilities.

Enriching Connections.

At IndoStar Capital Finance, we are a robust, well-balanced and diversified lending institution in India's financial services landscape, leading the company to quality growth, led by an experienced leadership team and a highly professional and execution-oriented management team.

Whether it is buying a commercial vehicle or buying the first affordable home fuelling growth of SME entrepreneurs, we aim to fulfil the dream of every Indian and become a catalyst in serving their aspirations.

Enroute our journey of planned transformation, we continue to enhance our capabilities, enrich our connections to further sharpen our business model and deliver superior return on equity. We are making judicious use of capital and fine-tuning the balance between all our business segments.

In alignment with our retailisation strategy, and to further bolster our core retail lending and serve the middle-income customers, we remain focussed on ramping up our presence and accelerating our growth journey in the core markets of vehicle finance, affordable housing finance and SME finance.

WE AIM TO GROW OUR RETAIL LOAN BOOK AND ASSETS UNDER MANAGEMENT FASTER BY CONTINUING TO EXECUTE ON OUR FOCUSSED GROWTH STRATEGY AND DRIVING VALUE CREATION TO BUILD OUR BUSINESS TO ITS FULL POTENTIAL.

FULFILLING DREAMS. SERVING UNIQUE NEEDS.

INDOSTAR – AT A GLANCE

We are a Non-Banking Finance Company ("NBFC") registered with Reserve Bank of India categorised as middle layered NBFC. With Brookfield & Everstone as co-promoters, we are professionally managed and institutionally owned entity dealing in comprehensive range of financial products like Commercial Vehicle, Construction Equipment, Farm Equipment, Car/MUV, Insurance and Micro LAP - (Small ticket business loans). We offer end-to-end lending, financing, credit solutions and caters to the aspirations of the growing consumer base in India, and deliver greater value to our Stakeholder(s).

Our diversified portfolio

Through our diversified portfolio, we provide access to financial products and serve their aspirations.

We serve
1,00,000+ customers and provide:

- Used and new vehicle financing for transporters;
- Home finance solutions to home loan borrowers (through our wholly-owned subsidiary IndoStar Home Finance Private Limited).

Credit Rating

CRISIL rated long-term rating at AA-/Negative and short-term rating at A1+

CARE rated long-term rating to AA-/ Stable and short-term rating re-affirmed at A1+

The IndoStar Capital Finance Value System

Vision

Partner with our customers on their journey to financial success.

Mission

To be a major financial service provider to our target customers, through empowered happy employees, and deliver a competitive shareholder return while maintaining the highest ethical behaviour standards.

Core Values

R
Resilience
Ability to withstand and bounce back from difficult, adverse or challenging situation

E
Ethics
Understanding the essence of Code of Conduct and governing business principle

A
Accountability
Responsibility and ownership to the committed actions, decisions, and the outcomes of those actions

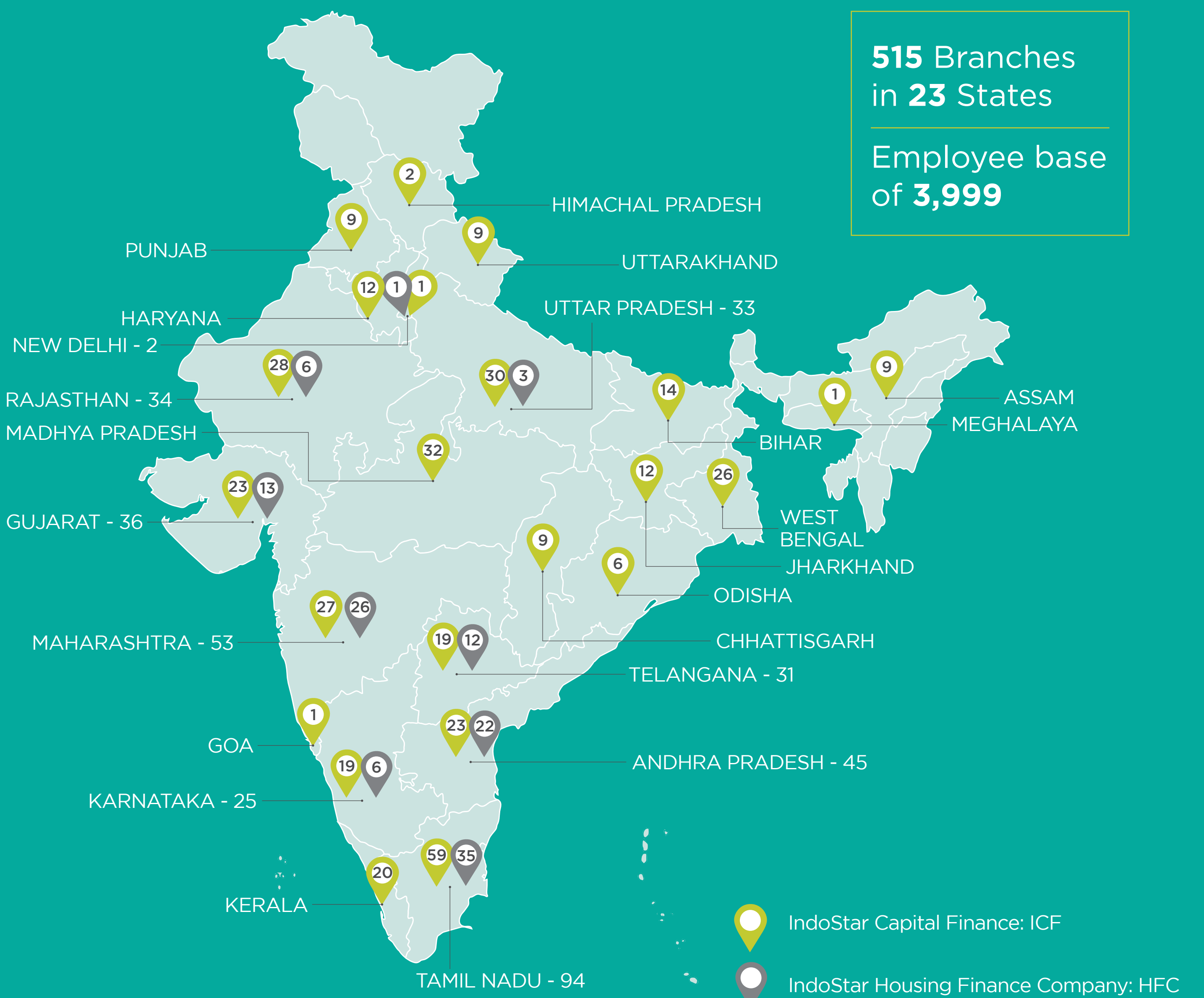
C
Collaboration
Work as a team towards a common goal, through shared knowledge, to achieve a desired outcome

H
High Performance
Achieving exceptional results by exceeding expectations, and consistent performance

OUR PRESENCE

515 Branches in **23** States

Employee base of **3,999**



Map not to scale.
For Illustrative purpose only.

INDOSTAR

BUSINESS SNAPSHOT

Our Financial Services Solutions

Housing Finance

Affordable Home Finance Solutions to Self-Employed and Salaried Individuals

CV Finance

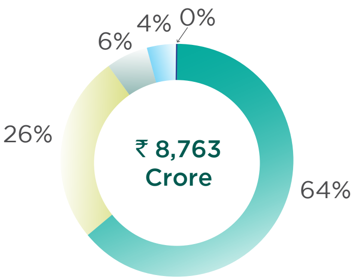
Financing for Used and New Commercial Vehicles

SME Finance

Financiers for SME enterprises to help them fulfil their business growth plans

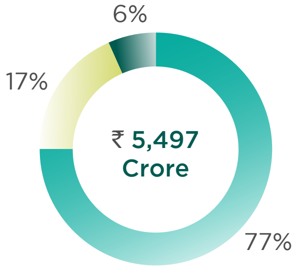
SEGMENT-WISE REVENUE CONTRIBUTION

Assets Under Management



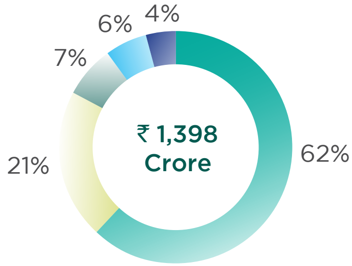
- CV Finance
  ₹ **5,594** Crore
- Housing Finance
  ₹ **2,270** Crore
- SME Finance
  ₹ **485** Crore
- Corporate Lending
  ₹ **388** Crore
- Others
  ₹ **26** Crore

Gross Disbursement



- CV Finance
  ₹ **4,253** Crore
- Housing Finance
  ₹ **937** Crore
- Corporate Lending
  ₹ **307** Crore

Revenue



- CV Finance
  ₹ **866.88** Crore
- Housing Finance
  ₹ **290.43** Crore
- SME Finance
  ₹ **102.96** Crore
- Corporate Lending
  ₹ **84.92** Crore
- Others
  ₹ **52.35** Crore

CHAIRMAN'S MESSAGE TO SHAREHOLDERS

FY2024 marks a significant milestone for our community of customers and partners, who have shared a remarkable journey with us and contributed to our success.

Dear Shareholders,

I take pleasure in presenting the Annual Accounts of the Company for the fiscal year under review. As we move forward on our ongoing transformative journey, we are enroute to becoming a well-balanced and diversified lending institution.

FY2024 marks a significant milestone for our community of customers and partners, who have shared a remarkable journey with us and contributed to our success. Similarly, our entire workforce brought tremendous passion and conviction and has taken us to this inflection point.

Focussed on superior results and excellent asset quality, we will always be committed to the success of our customers and that of all our other stakeholders. These core values are our foundation and continue to remain the mainstay of IndoStar as a company.

A growing economy

The Indian economy continues to be on a positive trajectory buoyed by increased government spending, and led by robust performance in manufacturing and services sectors. Consumer demand has been robust driving growth across various sectors. It increased with moderation in inflation and led to elevated consumer confidence. At 8.2% growth in FY2024, with other high-frequency indicators showing healthy economic momentum, India consolidated its position as the fastest growing major economy globally. With a substantial focus on the CV space, where the performance of the sector is a function of the state of the economy, our business has continued to do well.

During the year, IndoStar approved issue of warrants to the private equity investor Brookfield Asset Management, our promoter, and also to a non-promoter investor, Florintree Tecserv LLP. This demonstrates the support from our majority shareholder and interest of new shareholders to take stake in the Company. Their investments will enable the company to accelerate its journey in its core markets of vehicle finance and affordable housing finance..

Strengthening capabilities

Over the last couple of years, we further strengthened our capabilities by leveraging on our core strengths of customer relationships, adaptability and innovation. Our focus was to de-layer the organisation and invest in front-end headcount, while automating our backend processes. Further, we also relooked at our processes, reviewed policies, and strengthened controls. Our aim is to remain well staffed with highly experienced individuals with domain expertise and experience in relevant markets at both ends of the organisation structure.

Today, IndoStar enjoys strong credit ratings, having been upgraded by CARE to AA- (Stable) during the year. The Company's funding costs have reduced steadily over the past few quarters, thanks to the diversification of the Company's funding profile, rigorous ALM management and the enhanced confidence that the lenders have got based on the Company's performance over the last few quarters.

Going forward, we are well capitalised for growth. We also remain geared up to enhance our technology capabilities across all areas – right from loan origination and credit appraisal to disbursal and collection, and remained committed in our focus on analytics to ensure the model remains agile and scalable.

Future outlook

The outlook for the Company remains positive and strong, with faster growth expected across all our business segments. Our expanding branch presence and employee base should allow us to deliver on retail growth that we have targeted to achieve. We are building the business in a highly scalable manner with our retail strategy progressing well as we continue to surge with our wide bouquet of products – Commercial Vehicle finance, Affordable Housing finance and small ticket Micro LAP finance.

We are working on our goal of introducing more products and addressing the entire customer lifecycle. We are targeting at opening micro branches that operate with greater efficiency and make finance affordable to the people and are also continuing to make investments in technology to improve the speed of loan origination and reduce customer service costs.

In Conclusion

I thank all our shareholders for their continued faith in our strength and capabilities, our customers for their valuable support and trust, our lenders and banks for their continued support and our employees for their tireless efforts towards achieving our goals.

We are building the business in a highly scalable manner with our retail strategy progressing well as we continue to surge with our wide bouquet of products – Commercial Vehicle finance, Affordable Housing finance and small ticket Micro LAP finance.

We remain committed to delivering value to all our stakeholders and to provide them with the best possible financial solutions. We continue to tread on an exciting journey towards becoming a diversified lending powerhouse. I welcome you all to be part of this voyage of responsible growth and value creation.

We remain in gratitude to all our stakeholders.

Bobby Parikh
Chairman

CEO's MESSAGE TO SHAREHOLDERS

We engineered a turnaround in the Commercial Vehicle Finance business and remained focussed on the Commercial Vehicle portfolio, with significant growth in AUM and disbursement.

Dear Shareholders,

In FY2024, Team IndoStar demonstrated enormous character and agility in responding to changing business needs and ensured that our customers continue to benefit from our services. Looking back, the greatest learning of the year was to look at the challenges as opportunities.

Enhancing capabilities. Enriching connections.

At IndoStar, our primary focus was that of enhancing the lives of our customers, delivering world-class service and sustainable value to all our stakeholders. To uphold this commitment, we enhanced our capabilities and enriched the connections built in the past decade. We reinforced new initiatives aimed at bolstering our services and expanding our presence. Leveraging technology has also been instrumental in driving our efforts, and we remain committed in our focus on analytics to ensure the model remains agile and scalable.

We are working on our goal of introducing more products to address the entire customer lifecycle comprehensibly, enabling us to secure funding at competitive rates and reducing dependency on unorganised players.

Our FY2024 performance

During the year ended March 2024, Total Revenue stood at ₹ 1,393 crore vs ₹ 1,174 crore in the earlier year ended March 2023, while Gross Loan Disbursement was ₹ 5,497 crore vis-à-vis ₹ 2,099 crore in the earlier year. Assets Under Management (AUM) stood at ₹ 8,763 crore vs ₹ 7,813 crore in the previous fiscal year. Profit After Tax (PAT) was ₹ 116 crore.

We adopted concrete steps to ensure our balance sheet becomes cleaner, strengthens financial stability, increase business yields and get more retailised in our journey. We also made steady progress in improving our liquidity position by raising incremental funding by ₹ 5,790 crore. The change in portfolio mix helped us reduce our cost significantly.

With aggressive collection, excellent credit appraisal and control measures, we have been able to reduce our delinquencies aided by a vibrant economy. Our improved Gross NPA stood at 4.1% vis-à-vis 6.8% in the earlier year, which will help costs to go down even further. Net NPA was 1.8% vs 3.2% in FY2023. Our capital adequacy at 28.9% provided us with the resources and flexibility to pursue future growth opportunities.

Our business performance

We engineered a turnaround in the Commercial Vehicle Finance business and remained focussed on the Commercial Vehicle portfolio, with significant growth in AUM and disbursement. During the year, we actively pursued our goal of decreasing our Gross NPA and further increased the granularity of our loan book with an increased focus on retail lending. In a strategic development, we successfully executed on our strategy of moving towards retailisation by selling a part of our corporate portfolio and SME Portfolio, thus minimising risk, fortifying our financial position and improving our NPAs.

We are gradually moving our branch network to hinterland in order to serve the customers in Tier 3&4 cities by launching our Micro Branches, which will serve as one-stop shop for enhancing our customer experience. We also enhanced our asset quality by improving our underwriting processes; introduced tech-enabled collections minimising cash handling; optimised collection infrastructure; reduced stressed non-core assets across Corporates/SMEs. We aimed at achieving a diversified liability franchise, and also focussed on cost optimisation by leveraging technology across the loan lifecycle and optimising the physical footprint of our branches.

Industry overview

The Commercial Vehicle industry witnessed peak of the cycle and a rise in cost-efficient tonnage vehicles, driven primarily by infrastructure growth and replacement demand. The uptick in the market was triggered by medium & heavy commercial vehicle, propelling a strong push for ICV and assisted hub-to-spoke transportation.

The scrappage policy provided significant growth opportunities in the Used CV segment. Consumer preferences are leaning towards used cars, reflecting rising aspirations and focus on cost effectiveness. The used CV market is becoming more organised, and accessibility is increasing with dealer expansion in Tier 2&3 cities and online platforms.

Replacement demand is anticipated to be favourable with certain replacement sales anticipated. We enhanced disbursement in Used CV, focussing primarily on Tier 3&4 markets. We also scaled our operations to drive growth and maintain asset quality.

Moving forward, we are anticipating steady growth in Used CV segment, with used vehicle EMIs becoming more affordable leading to significant rise in demand for BS-IV. We are leveraging the opportunity by increasing penetration in rural markets and enhancing reach in smaller geographies. This is further strengthening our position and ideally places us to take advantage of future growth opportunities.

Witnessing strong momentum in Home Finance

Our total disbursement in the Home Finance business stood at ₹ 937 crore with Assets Under Management of ₹ 2,270 crore, reflecting 40% growth on a year-on-year basis. Our Loan Book stands at ₹ 1,837 crore currently. With a branch count of 124 branches, our customer base increased to 28,000, depicting the granular nature of our assets with an average ticket size of ₹ 9 lakh.

We rationalised our brand structure by introducing 3-tiered, full-fledged, integrated and digital brand structure, leading to more efficient branch operations. We also converted 10 physical branches into digital locations with the aim of further enhancing operational efficiency and embracing digital transformation.

Aiming for Profitable Growth

Moving ahead, we remain focussed on achieving profitable growth and also further stabilising the asset quality and improving our operational performance. We continue to prioritise on improving our efficiency across branches and reaching an all-time high collection efficiency.

We continue to strenghen our processes and using technology to grow, and are leveraging Tier 3&4 markets and using the opportunity to fill the gap. Further, we also remain nimble-footed on the cost front in order to manage our profitability.

Going forward, we expect Net Interest Margins (NIM) to remain stable.

Way forward

IndoStar shall continue to focus on all the above aspects to stay ahead of the curve and continue to deliver solutions to customers. Going forward, an added focus will be to enlarge the customer base in existing and new business areas with adjacencies to the existing competencies.

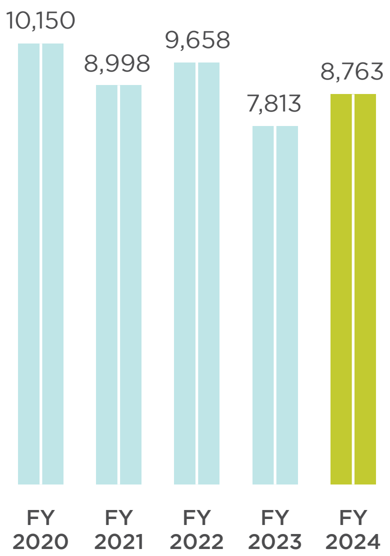
I would like to take this opportunity to welcome Randhir Singh as the Executive Vice Chairman to IndoStar Capital Finance.

In conclusion, the summary of FY2024 would be incomplete without recognising the selfless services rendered by our employees and everyone involved in our journey of becoming IndoStar 2.0. A special thank you to each one of them. With support from our shareholders, lenders, debenture holders, and partners, we will move ahead excitedly.

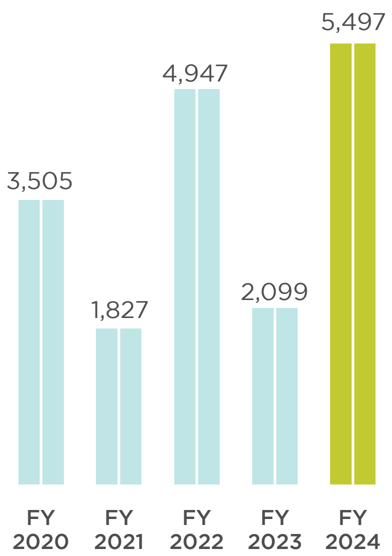
Karthikeyan Srinivasan
Chief Executive Officer

KEY HIGHLIGHTS OF FY2024

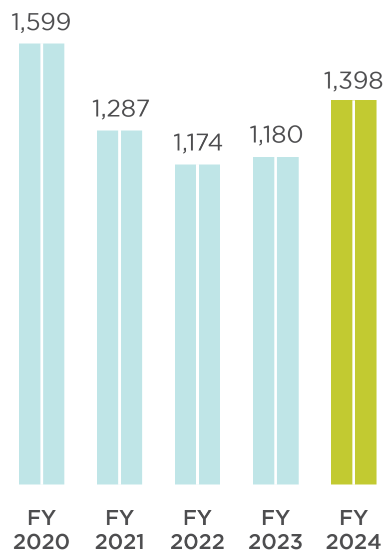
Assets Under Management (₹ Crore)



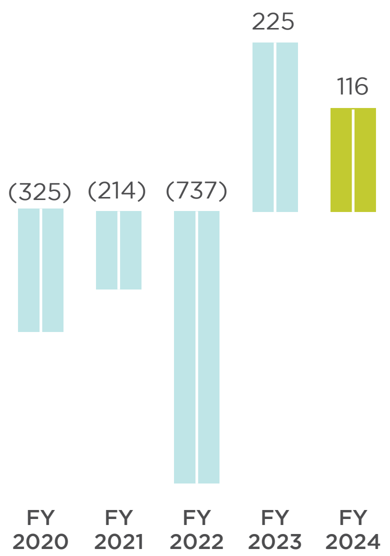
Gross Loan Disbursement (₹ Crore)



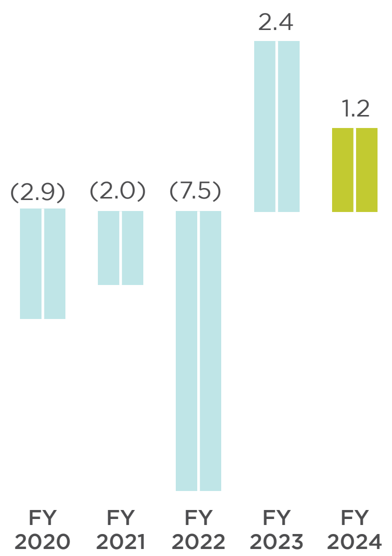
Total Income (₹ Crore)



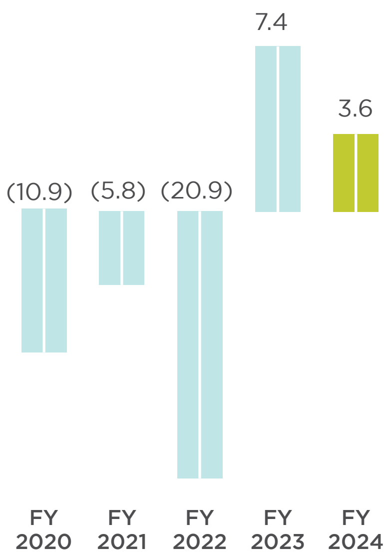
Profit After Tax (₹ Crore)



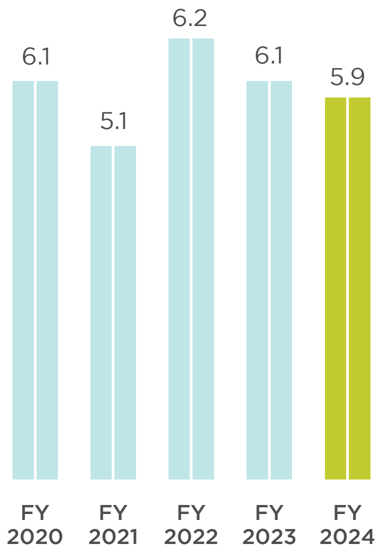
ROAA (%)



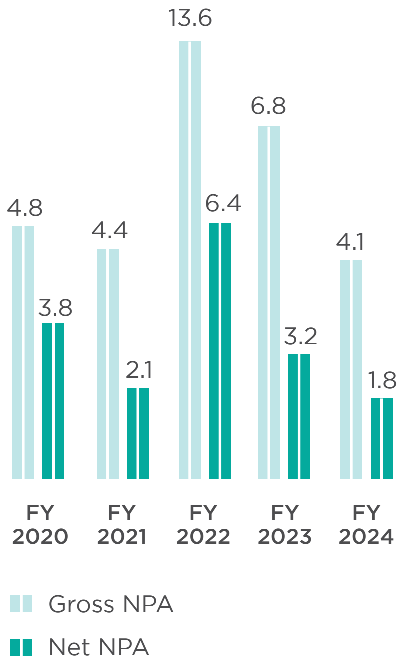
ROE (%)



Net Interest Margin (%)



Gross and Net NPA (%)



KEY FOCUS AREAS

- Digitalisation
- Expanding distribution footprint
- Continuously evolving product offerings
- Expanding customer lifetime value
- Expanding the use of data and systems
- Automating controls and alerts to minimise risk
- Ensuring a robust balance sheet
- Being agile and future ready

KEY BUSINESS SEGMENTS

COMMERCIAL VEHICLE FINANCING SOLUTIONS

QUICK FACTS

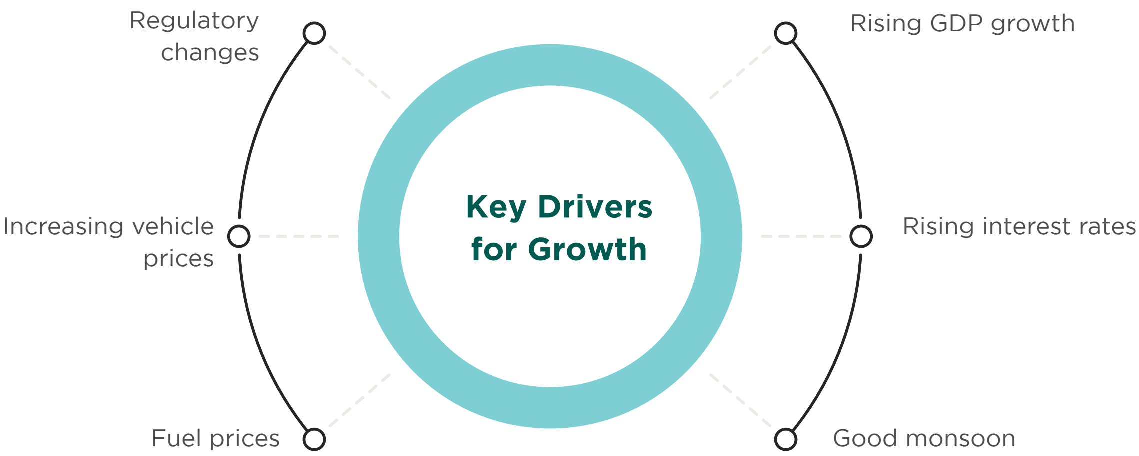
AUM **₹ 5,594 Crore**	Average Ticket Size **₹ 8.0 Lakhs**	Used Vehicle Disbursement **98%**
Presence across **23 States**	Average Loan to Value Ratio **73.8%**	Disbursement Yield **18.2%**

Overview of the CV industry

Demand for medium and high commercial vehicles rebounded during the year, driven predominantly by infrastructure growth and replacement demand. With consumer demand being robust, the Commercial Vehicle industry is poised for consolidation in FY2026, as it witnessed peak of the cycle and an increase in high tonnage vehicles. Consumer preference is leaning towards used vehicles, reflecting growing aspirations and cost effectiveness. The Used CV industry is gradually becoming more structured and organised, and is growing with dealer expansions and digital platforms enhancing accessibility.

Key highlights of FY2024

To uphold our commitment of enhancing lives of our customers and delivering world-class service to our customers, we have embarked on new initiatives to bolster our services and further expand our footprint. Furthermore, we are committed in our focus on analytics to ensure our model remains agile and scalable. Our approach blends physical and digital touchpoints, catering to customers who are still adapting to evolving technologies. Our ability to collect payments has remained exceptionally strong, reinforcing the resilience of our business model and trust the customers have in us.



Strategic focus on Used CV

We are expanding our retail operations with a particular emphasis on the used commercial vehicle segment, focussing primarily on Tier 3&4 markets. We are dedicated to scaling up our operations to drive growth, while maintaining our asset quality. Our goal is to sustain progress in profitability by steadily increasing our targeted return on total assets. We anticipate steady growth in the used vehicle segment. With the EMI of new vehicles exceeding ₹ 1 lakh, used vehicle EMIs are becoming more affordable, leading to a significant rise in the demand for BS-IV vehicles. The transition from BS-IV to BS-VI has further fuelled the demand, with a notable price differential of 25%-30%.

Future Outlook

We expect robust growth in the Used CV industry by FY2026 with the entry of BS-VI vehicles, driven by their ability to transport the same volume of goods at a lower tonne per cost and reduce downtime. Furthermore, the useful life of CVs has increased, enabling NBFCs to fund up to 12-year-old vehicles. Our strategic direction remains unchanged and we are actively exploring new products and strategies to enhance returns and generate additional income. By diversifying our product range, we are maintaining our competitive advantage and constantly delivering value to our stakeholders.

Our Strategic Imperatives:

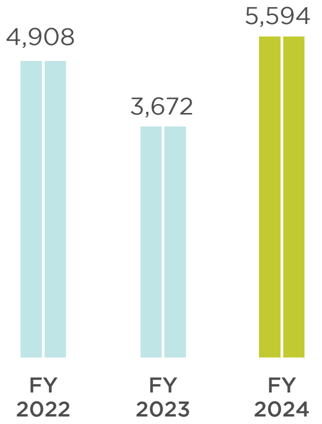
- To introduce more products to address the entire customer lifecycle comprehensibly
- To secure funding at competitive rates, reducing dependency on unorganised market players
- To leverage technology and focussing on analytics to ensure our model remains agile and scalable

Focussing on digitisation to drive employee productivity

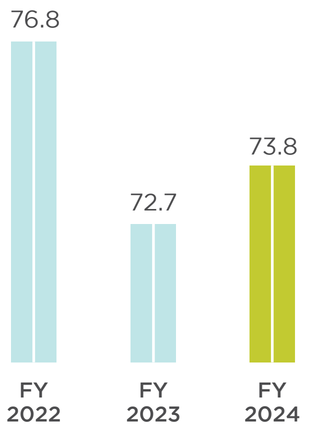
The company maintains its acute focus on digitisation which has helped drive employee productivity and reducing processing time. This has reduced typical turnaround time from 7 days to 2 days. The average employee productivity scaled up from ₹ 26 lakh a month to ₹ 53 lakh a month within 12 months, delivering 104% jump in productivity.

EXPANDING THE CV PORTFOLIO

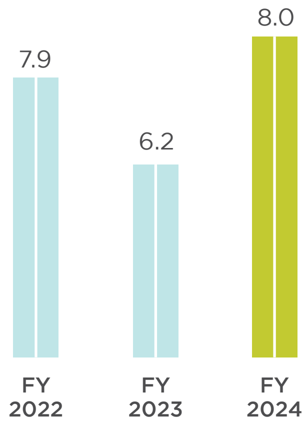
AUM (₹ Crore)



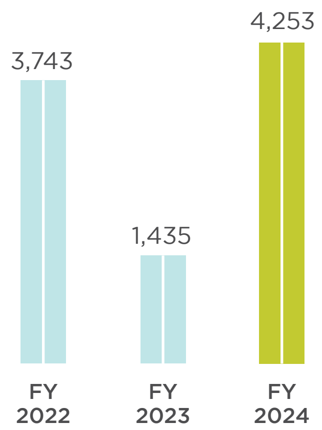
Loan to Value Ratio (%)



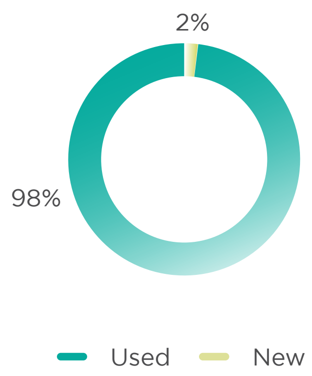
Average Ticket Size (₹ Lakh)



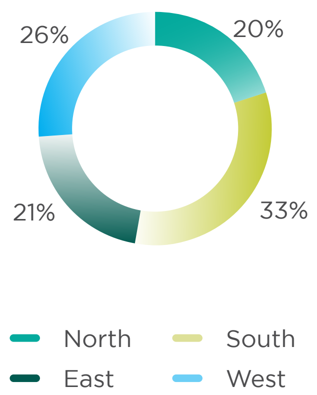
Disbursement (₹ Crore)



Disbursement Mix



Geography-wise AUM Mix



LOAN VALUE DISBURSED PER MONTH PER EMPLOYEE

April 2023
₹ 26 Lakh Per Month

March 2024
₹ 53 Lakh Per Month

Change
103.8%

KEY BUSINESS SEGMENTS

AFFORDABLE HOUSING FINANCING SOLUTIONS

QUICK FACTS

AUM
₹ 2,270 Crore

Average Ticket Size
₹ 9 Lakh

Disbursement
₹ 937 Crore

NIM
7.7%

CRAR
57.4%

Net total Income
₹ 182.8 Crore

PAT
₹ 44.1 Crore

No. of Branches
124

Average Loan to Value Ratio
48.7%

Blended Yield
15.2%

Customer profile

Salaried
49%

Self-employed
51%

Core geographies

Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra, accounting for 84% of total portfolio

Key highlights of FY2024

Housing finance continued to be a key area of focus for IndoStar Capital. Our commitment to innovation, efficiency and maintaining high asset quality continued to drive success in the Housing Finance portfolio, and helped us witness strong momentum across metrics.

Assets Under Management of IndoStar Home Finance reached ₹ 2,270 crore, representing a robust growth of 40% YoY, and our Disbursements stood at ₹ 937 crore. Our customer base has increased to 28,923 with an average ticket size of ₹ 9 lakh, depicting the granularity of our business.

Enhancing operational efficiency

To enhance operational efficiency and embrace digital transformation, we rationalised our brand structure with the introduction of a 3-tiered, full-fledged integrated and digital brand structure. This has resulted in a more efficient branch operations from volume and cost perspective. We converted 10 of our physical branches into digital locations, and our total branch count now stands at 124.

Expanding digital footprint

We made a significant milestone in our digital journey by completing the transition to 100% digital and paperless loan journey. With the implementation of the automated loan kit, our entire loan process is now paperless, making it hassle-free for a customer experience perspective.

Future outlook

We are indeed optimistic about the future and remain dedicated to delivering sustained value to our investors and stakeholders. Looking ahead, we remain focussed on executing our strategic initiatives to further enhance operational excellence, expand our customer base and explore opportunities for growth.

SEIZING THE AFFORDABLE HOUSING FINANCE MARKET OPPORTUNITY

Ecosystem play

- Remote access to customers through Home Hub app
- Fully-enabled payment methods for customer leading to cash component using 3-4% of overall transactions

Robust underwriting

- Centralised underwriting framework with informal income underwriting play developed from start
- Aversion to categories such as ‘plot + construction’ and other with higher delinquency probabilities

Micro LAP play

- Presence in tier 3 and 4 towns in southern states with large Micro LAP opportunity

Geographic focus

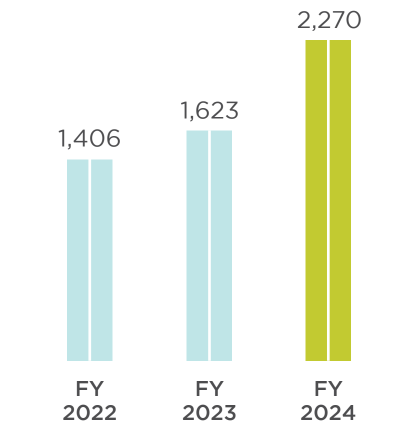
- Geographical focus on South and West India with the cluster-based approach to address concentration challenges
- Targeting states with the highest demand-supply gap for affordable housing

Management team

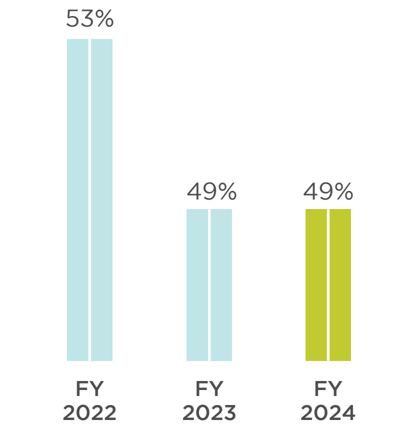
- Seasoned management team supported by regional teams with conservative background recruited from other affordable housing finance companies

GROWING OUR HOUSING FINANCE BOOK

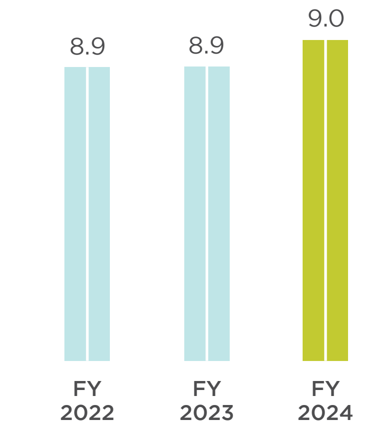
AUM (₹ Crore)



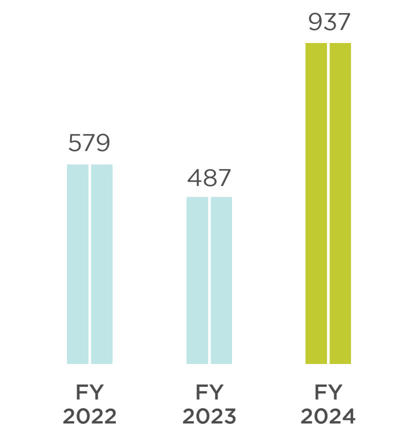
Loan to Value Ratio (%)



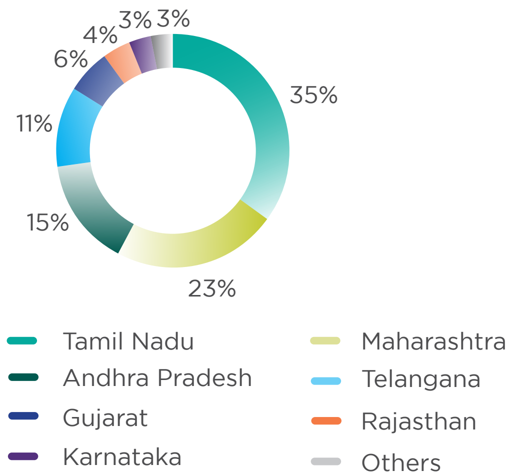
Average Ticket Size (₹ Lakh)



Disbursement (₹ Crore)



Geographical Distribution (%)



OUR BOARD AND KEY PERSONNEL

MR. BOBBY PARIKH
Chairman and Non-Executive Independent Director

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

MR. DHANPAL JHAVERI
Non-Executive Director

Mr. Dhanpal Jhaveri is a Non-Executive Non-Independent Director of IndoStar. He has over three decades of experience in investments, strategy, M&A and investment banking. Currently, he is the Vice Chairman of the Everstone Group. Dhanpal is also the Co-Founder and CEO of Eversource Capital, a leading climate investment manager with investment focus in India and now South-east Asia. Being India's largest climate investment fund, Eversource Capital has an AUM of US$ 841 million pioneering climate-responsive investments in industrial decarbonisation, energy transition, and urban sustainability.

Prior to joining Everstone, a premier investment group focussed on India and South-east Asia, with assets in excess of US$ 8 billion across private equity, real estate, credit, climate investments and venture capital. Mr. Jhaveri worked as Director (Corporate Strategy) with Vedanta Resources Plc. His previous assignments include being the Head of Investment Banking at ICICI Securities and Partner for Corporate Finance at KPMG. Mr. Jhaveri holds a degree in Bachelor of Commerce from the University of Mumbai and an MBA from Babson College, USA.

MR. VIBHOR KUMAR TALREJA
Non-Executive Director

Mr. Vibhor Talreja is a Non-Executive Non-Independent Director of IndoStar. He is a Senior Managing Director & Co-CIO at Eversource. He has been with the Everstone Group for 5 years and joined as a Managing Director-Investments in Private Equity. With an extensive experience of 20+ years, he was previously with Temasek Holdings for 12 years where he made investments of over US$ 2 billion in 10+ transactions across sectors and styles, including control, co control and minority investments. Prior to Temasek, Vibhor has worked with JM Morgan Stanley and Tata Administrative Services. He is an alumnus of IIT Kanpur and IIM Bangalore.

MR. ADITYA JOSHI
Non-Executive Director

Mr. Aditya Joshi is a Non-Executive Non-Independent Director of IndoStar. He is also a Managing Partner in Brookfield's Private Equity Group and heads the private equity business for Brookfield in India. Mr. Joshi was responsible for conceptualising Brookfield's private equity strategy for India, nurturing and developing a high-quality team, building a robust sourcing engine, and leading deal execution and ongoing portfolio monitoring. Mr. Joshi joined Brookfield in March 2019. Prior to Brookfield, he was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to Apax, he worked at The Blackstone Group in India, where he focussed on investment opportunities primarily across technology services and business services. Prior to Blackstone, Mr. Joshi worked at JM, Morgan Stanley in India, where he worked on fund raising and mergers and acquisitions across technology services, business services, telecom, amongst other industries. Mr. Joshi holds a Master of Business Administration degree from The Wharton School, University of Pennsylvania, a bachelor's degree in accounting and finance from the University of Pune, and is a Chartered Accountant and member of The Institute of Chartered Accountants of India. Mr. Joshi is a member of FICCI's National Committee on Private Equity and is a member of the IVCA's Private Equity Council.

MR. HEMANT KAUL
Non-Executive Independent Director

Mr. Hemant Kaul is a Non-Executive Independent Director of IndoStar. He has vast experience as an independent management consultant, having worked with private equity firms to evaluate investments in the financial sector. Earlier, Mr. Kaul has also been the MD & CEO of Bajaj Allianz General Insurance Co Ltd. and the

Executive Director of Axis Bank. Mr. Kaul holds a Bachelor's degree in Science and a Master's degree in Business Administration from Rajasthan University.

MS. NAINA KRISHNA MURTHY
Non-Executive Independent Director

Ms. Naina Krishna Murthy is a Non-Executive Independent Director of IndoStar. She is a seasoned corporate lawyer and the Founding Partner of K Law, a leading full-service law firm in India. She began her career with Arthur Anderson and later served as in-house counsel at Biocon. With over 28 years of expertise, Naina specialises in corporate commercial law, with a focus on mergers and acquisitions, joint ventures, collaborations, and private equity/venture capital investments. She is recognised as a trusted legal advisor, representing prominent Indian and international clients in their operations both within India and globally. In her role as an independent director, Naina serves on the boards of several esteemed companies, including Den Networks Limited, IndoStar Capital Finance Limited, and Bandhan Mutual Fund Trustee Limited. She has been a board member of Sterling and Wilson Renewable Energy Limited since April 7, 2022. Additionally, Naina holds the position of Vice Chair (Membership) for the South Asia/Oceania & India Committee at the American Bar Association (ABA), further underscoring her significant influence and leadership in the legal field.

MR. DEVDUTT MARATHE
Non-Executive Non-Independent Director

Mr. Devdutt Marathe is a Non-Executive Non-Independent Director of IndoStar. He is an investment professional with over fourteen years of experience in the Private Equity space. He is currently a Senior VP at Brookfield Asset Management focussed on the Private Equity business in the India / Middle East region. Previously, Devdutt Marathe was a Principal at Apax Partners, where he led or participated in several transactions across financial services, healthcare and technology sectors. Devdutt Marathe holds B.Tech. and MS degrees in Electrical Engineering from IIT Madras and Caltech (USA) respectively, and a PGDM from IIM Ahmedabad.

MR. KARTHIKEYAN SRINIVASAN
Whole-time Director & Chief Executive Officer

Mr. Karthikeyan Srinivasan is the Chief Executive Officer and Whole time Director at IndoStar Capital. He is a qualified Cost Accountant from the Institute of Cost Accountants of India and holds an MBA in Finance & Marketing from Alagappa Institute of Management. He has over 25 years of experience in the areas of Retail Sales, Client Servicing, Credit / Portfolio Management and People Management in banking and financial services sector and has handled a wide range of financial products including Commercial Vehicle Loans, Construction Equipment Loan, Tractor Loans, Two-wheeler Loans etc. He has worked with various Banks like ICICI Bank Ltd, Kotak Mahindra Finance Limited, Cholamandalam Investment and Finance Company Ltd.

MR. RANDHIR SINGH
Executive Vice Chairman & Whole time Director

Mr. Randhir Singh is a seasoned financial leader with 29 years of experience in MSME/Corporate/FIG Lending, Structured Finance, Debt Capital Markets, Treasury, Sales and Trading, FX and Interest Rate derivatives, Risk Management and Banking Operations.

Randhir started his career with Citibank India in 1995 and worked there till 2007 in various roles. He then worked in Deutsche Bank as Managing Director and India Head of Financing between 2007 and 2016. He subsequently worked in Edelweiss as CEO of Commercial Lending & Structured Finance from 2016 to 2018. Prior to joining IndoStar Capital Finance Limited, Randhir was Jt. CEO and Co-Founder of APAC Financial Services from 2018 to 2024.

INDOSTAR

ENSURING MEANINGFUL SOCIO-ECONOMIC DEVELOPMENT

At IndoStar Capital, we believe all are born with equal potential, but not equal opportunity. Through our CSR initiatives, our vision is to empower people and communities, build self-reliance through purpose, while ensuring the values of fairness, equity and respect for human rights.

We remain steadfast in our mission to connect people to opportunities, while building equitable, inclusive pathways for all – especially women and youth. Through our CSR initiatives and programmes, we continue to address the pressing needs of the society and bridge the opportunity gap for people and communities.

With an objective to proactively support meaningful socio-economic development in India and enable a larger number of people to participate in and benefit from India's economic progress, we have touched the lives of 6,000+ beneficiaries, with the main areas of our CSR focus being education, women empowerment and social development.

We support the cause of women empowerment as empowering women helps create a more just and equitable society for everyone. When woman have access to education and healthcare, they can better take care of themselves and their families and this is also important for promoting health and well-being. We also support the cause of education as we believe an educated society is an enlightened and empowered one, which can make well-informed choices in its social, political and economic welfare.

KEY CSR PROJECTS

#EVERY CHILD IN SCHOOL

Implementing Agency	No. of Beneficiaries	Location
Smile Foundation	700	Multiple locations

This is a national level project co-funded by multiple corporates providing quality education and benefiting ~8,500+ children. The programme is implemented through 44 local partner NGOs utilising funds on providing education, distribution of learning material, teachers' salary, and quality infrastructure, among others.

Smile Foundation, the implementing CSR Agency, is a national level development organisation which directly benefits 4,00,000+ children and their families each year in 950+ remote villages and slums across 25 states in India. It engages in 200 welfare projects on education, healthcare, livelihood and women empowerment.

Project Objective

- Improving learning level of children and holistic development of children
- Capacitating teachers on effective classroom engagement and pedagogy
- Enhancing capacities of grassroots organisations towards self-sustainability

Key Initiatives

- Regular engagement of children through academic facilitators
- Procurement and distribution of Teaching Learning Materials
- Local Fund Raising (LFR) training to local NGO partners

Project Monitoring

Smile Foundation shares a narrative report highlighting the activities of the education programme at a national level and case stories during the project period, with a consolidated fund utilisation certificate.

#SWABHIMAAN

Implementing Agency	No. of Beneficiaries	Location
Smile Foundation	5,000	Modgaon, Palghar, Maharashtra

Project Objective

The project aims at generating awareness on the issues of reproductive and sexual health covering issues such as safe motherhood, child health, and family planning in the reproductive age.

Key Initiatives

Through this project, we are working towards improving the reproductive and sexual health of women by conducting periodic health camps and demonstration workshops. We also aim to capacitate under-privileged women by imparting business skills and entrepreneurship development training and helping them start income generation activities.

Project Monitoring

Smile Foundation shares a half-yearly report and a project cycle completion report with fund utilisation certificate during the operation period.

#SCHOOL REDEVELOPMENT

Implementing Agency	No. of Beneficiaries	Location
Balak Mandir Sanstha	700	Kalyan

Project Objective

The project aims at constructing new primary building in the school, benefiting ~700 students from Standard 1st to 4th through Balak Mandir Sanstha Kalyan, which is a 74-year-old educational institute in Kalyan rendering education thousands.

Project Monitoring

Balak Mandir Sanstha conducts regular monitoring through half-monthly visits at the project site to assess the progress on planned objectives and milestones. Quarterly progress reports are submitted to the CSR team based on these visits.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Independent Chairman

Mr. Bobby Parikh

Executive Directors

Mr. Karthikeyan Srinivasan
Whole-time Director & Chief Executive Officer

Mr. Randhir Singh
Whole-time Director & Executive Vice Chairman
(appointed with effect from July 22, 2024)

Non-Executive Directors

Mr. Dhanpal Jhaveri
Mr. Aditya Joshi
Mr. Vibhor Kumar Talreja
Mr. Devdutt Marathe

Non-Executive Independent Directors

Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Vinodkumar Panicker

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Shikha Jain

STATUTORY AUDITORS

M S K A & ASSOCIATES

CIN:

L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

Silver Utopia, Third Floor, Unit No 301-A,
Opposite P & G Plaza, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai – 400099
Tel No.: +91 22 4315 7000
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 / MUTUAL FUNDS

State Bank of India
IndusInd Bank
Catholic Syrian Bank
Indian Bank
State Bank of India
IDFC First Bank Ltd
Development Bank of Singapore
Yes Bank
ICICI Bank Ltd
AU Small Finance Bank
Karnataka Bank
Bank of Maharashtra
Central Bank of India
Ratnakar Bank Limited
Bank of India
South Indian Bank
Union Bank of India
Kotak Mahindra Bank Ltd
Axis Bank Ltd
Aditya Birla Sun Life Fund
Axis Mutual Fund
Baroda BNP Paribas Mutual Fund
DSP Mutual Fund
Franklin Mutual Fund
ICICI Mutual Fund
Invesco Mutual Fund
Kotak Mutual Fund
Mahindra Manulife Mutual Fund
Mirae Asset Mutual Fund
Nippon Mutual Fund
PGIM Mutual Fund
SBI Mutual Fund
Shriram Mutual Fund
Sundaram Mutual Fund
TATA Mutual Fund
TRUST Mutual Fund
UTI Mutual Fund
Hero Fincorp Ltd
Small Industries Development Bank of India
Bajaj Finance Ltd
National Bank for Agriculture and Rural Development

Management Discussion & Analysis

Economic Overview

Global Economy

The global economy demonstrated greater resilience than anticipated in 2023, despite significant interest rate hikes by central banks to curb inflation. This resilience was driven by steady job growth and rising incomes, supported by robust consumer demand, increased government spending, and higher labour force participation.

According to the International Monetary Fund (IMF), the global economy grew 3.2% in 2023 and is expected to grow at similar rates through 2024 and 2025. However, several factors, including high borrowing costs, reducing fiscal support, the long-term after-effects of the COVID-19 pandemic, geopolitical tensions, and slow productivity growth, contribute to a less optimistic forecast. Advanced economies played a crucial role in maintaining global resilience, benefiting from steady employment growth and increased consumer confidence despite significant monetary tightening. In 2023, advanced economies grew by 1.6% and are expected to witness growth of 1.7% in 2024 and 1.8% in 2025. In 2023, emerging markets and developing economies (EMDE) faced challenges including geopolitical tensions, high public debt, and unstable inflation rates. EMDE grew by 4.3% in 2023 and are expected to grow by 4.2% in both 2024 and 2025.

World Economic Growth (%)

	2023	2024P	2025P
World Output	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
Emerging Market and Developing Economies	4.3	4.2	4.2
India	7.8	6.8	6.5

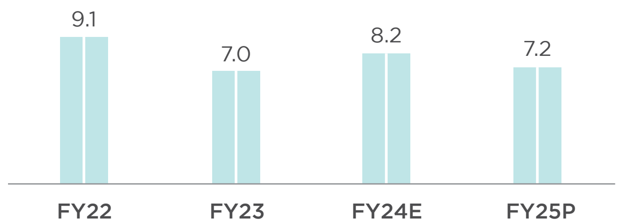
P - Projected

Global inflation is projected to decrease gradually from 6.8% in 2023 to 5.9% in 2024, and further decline to 4.5% in 2025. However geopolitical conflicts such as the Russia-Ukraine war and ongoing war in Gaza between Israel and Palestine and the brewing tensions with Iran, may cause further supply chain disruptions. The global economy is expected to witness medium-term fiscal consolidation amidst growing multilateral cooperation among nations to overcome these challenges.

Indian Economy Overview

India's economic growth has been fuelled by increased domestic demand and strong expansion across various sectors. India's GDP grew by 8.2%, surpassing the previous year's growth of 7.0%, according to the National Statistics Organisation (NSO). This growth was driven by significant expansions in key sectors, including industrial, construction, and financial services. The industrial sector saw remarkable growth, particularly in manufacturing, mining, and construction. Mining activity increased by 7.1% in FY2024, compared to 1.9% in FY2023. The manufacturing sector grew by 9.9% in FY2024, recovering from a 2.2% decline in FY2023. Additionally, the financial, real estate, and professional services industries contributed to GDP growth with an 8.4% increase in FY2024.

India's GDP Growth (%)



E - Estimated P - Projected

Source: NSO estimates dated May 31, 2024

RBI (Reserve Bank of India) MPC (Monetary Policy Committee) report dated June 07, 2024

Inflation in India is influenced by various factors, including food prices, fuel prices, and global economic conditions. An increase in the repo rate raises borrowing costs, which reduces the money supply and helps control inflation. The Monetary Policy Committee (MPC) maintained their stance on withdrawing accommodation by keeping the policy repo rate at 6.5% for FY2024. The MPC aims to gradually align the inflation rate with the target level of 4%. The inflation rate stood at 5.4% in FY2024 and is projected to decline to 4.5% in FY2025.

Government policies and central bank actions are crucial in linking inflation and financial inclusion. Financial inclusion in India has significantly advanced through initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), which has extended banking services to the unbanked and underprivileged sections of society. Under the PMJDY, about 52.5 crore beneficiaries have deposited ₹ 2.30 trillion as of June 19, 2024. The resilience and strength of the Indian economy, supported by recent reforms, have established a strong foundation for sustained growth. The Indian economy is expected to grow by 7.2% in FY2025. High-frequency indicators such as auto sales and GST (Goods and Service Tax) collections continue to show robust performance, reinforcing the positive economic outlook.

Source: https://pib.gov.in/PressReleseDetailm.aspx?PRID=2022323

https://pmjdy.gov.in/account

https://pib.gov.in/PressReleasePage.aspx?PRID=2025877

Non-Banking Financial Companies (NBFCs) Industry

NBFCs have become a crucial source of financing for broad segments of the economy, including Small and Medium Enterprises (SMEs) and individuals with limited access to traditional banking services. NBFCs excel in meeting diverse borrower needs quickly and efficiently, leveraging their extensive geographical reach, deep category-specific financial expertise, and rapid processing capabilities. NBFCs play a pivotal role in promoting financial inclusion by supporting the growth of millions of Micro, Small, and Medium Enterprises (MSMEs) and self-employed individuals.

The NBFC sector has experienced substantial growth, marked by the emergence of numerous players employing diverse business models. Recent years have seen a transformative shift in India's financial services landscape, driven by increased adoption of neo-banking, digital authentication, the popularity of UPI, and widespread mobile phone usage with internet access. These factors have streamlined financial services, particularly in credit, making them more accessible and adaptable to diverse consumer needs.

In FY2024, NBFCs maintained strong credit growth, albeit with a moderation observed in the latter half of the year. This moderation was influenced by regulatory requirements mandating higher risk weights on certain categories of consumer credit and reduced bank lending to NBFCs. Consequently, NBFCs faced increased overall funding costs during this period.

In the 11 months leading up to FY2024, the gross bank credit offtake for NBFCs grew by 18.5% year-on-year (YoY), up from 13.1% in the corresponding period of FY2023. Personal loans saw robust growth, increasing by 26.0% YoY in FY2024, driven by the digital transformation of the financial sector, including enhanced credit bureau usage for quicker decisions and validation, and increased e-commerce transactions influencing credit demand.

Housing loans also experienced significant growth, rising by 36.7% YoY in FY2024 compared to 15.2% in the previous year, supported by strong sales of high-value residential properties, a robust pipeline of new projects, and developer incentives. Vehicle loans, however, showed slower growth at 17.5% YoY in February 2024, down from 23.3% in February 2023, despite increased sales of passenger vehicles and two-wheelers.

Within the services segment, there was a notable 21.2% YoY increase in credit uptake in FY2024, driven by expansions in trade and commercial real estate. The industry segment also grew by 7.6% YoY during this period, compared to 4.2% in FY2023, with growth particularly strong among MSMEs.

Sectoral Distribution of Credit as of February 2024

Particulars	O/s Credit	Chg	% Growth in Credit		% Growth in Inc. Credit	
	As of Feb 23, 2024	M-o-M(%)	Feb 23 vs Feb 22	Feb 24 vs Feb 23	Feb 23 vs Mar 22	Feb 24 vs Mar 23
Gross Bank Credit	**162.1**	**1.0**	**15.5**	**20.5**	**13.1**	**18.5**
Non-Food Credit	**161.7**	**1.0**	**15.9**	**20.5**	**13.3**	**18.4**
Agriculture & Allied	20.4	1.1	15.0	20.1	13.2	17.8
Industry	36.7	0.4	6.8	9.1	4.2	7.6
Services	44.9	1.6	20.5	24.0	16.9	21.2
Personal Loans	52.7	1.0	20.6	28.3	18.9	26.0

Source: CareEdge April 2024 report

During FY2024, the NBFC sector saw a significant shift in loan composition and performance indicators. According to the RBI report, the share of unsecured loans extended by NBFCs decreased notably, declining from 32.2% to 22.9% of total loans. Retail lending by NBFCs also moderated, decreasing from 16.6% in March 2023 to 14.8% in March 2024.

In terms of gross advances in FY2024, NBFCs allocated 2.1% to Agriculture, 36.8% to Industry, 14.9% to Services, 33.5% to Personal loans, and 12.7% to other sectors.

The Gross Non-Performing Assets (GNPA) ratio for NBFCs, including those under resolution, continued to decline post-pandemic, dropping from 9.3% in March 2022 to 6.8% in March 2023, and further down to 4.0% in March 2024. In FY2023, NBFCs exhibited more than three times the YoY growth in MSME Assets Under Management (AUM) compared to banks. As of FY2024, the MSME AUM for NBFCs was estimated to have surpassed ₹ 3.4 trillion, with projections to reach ₹ 4.2 trillion by FY2025, up from ₹ 2.7 trillion in FY2022, as per the CareEdge June 2024 report.

Growth Drivers for NBFC Industry

Customised Product Offerings: NBFCs have tailored their product offerings to cater to specific customer groups, meticulously analysing their needs and customising pricing models to effectively meet those requirements. NBFCs offer specialised financial products, such as microfinance, consumer loans, and vehicle financing, to meet specific market demands.

Supportive Government Initiatives: The Government of India has launched various initiatives aimed at addressing structural issues in small business lending. These include licensing account aggregators, implementing the Pradhan Mantri Mudra Yojana (PMMY), introducing UPI platforms, and establishing platforms like (Trade Receivables Discounting System) TReDS, Government e-Marketplace (GeM), and Open Network for Digital Commerce (ONDC), alongside GST implementation.

Expanding market reach: NBFCs are expanding their reach into Tier 2, Tier 3, and Tier 4 markets, extending loans through multiple customer touchpoints. They are also developing an interconnected channel experience that offers a seamless, omnichannel sales and service experience available 24/7.

Increasing Collaborations: The RBI introduced co-lending norms in November 2020, enabling banks and NBFCs to collaborate for priority sector lending, thereby facilitating increased credit availability to underserved sectors. The ongoing trend of consolidation has benefited the NBFC sector, marked by an increase in mergers and acquisitions. Larger entities aim to expand their reach, while smaller ones look to scale up operations. Collaborations with banks, fintech firms, and other financial institutions offer NBFCs opportunities to diversify their product range, extend market reach, and leverage shared resources.

Strong Role in Financial Inclusion: NBFCs have carved out a niche by operating in unorganised and underdeveloped segments of the economy, where they excel in understanding the segment-specific customer needs and ensuring prompt delivery of goods and services. NBFCs have the potential to significantly advance financial inclusion by catering to underserved and unbanked segments, providing them with access to credit and financial services.

Technology and Fintech Advancements: NBFCs are leveraging technology to enhance efficiency in credit assessment and improve overall customer experience. This includes integrating advanced technologies within their operations to streamline processes and offer more personalised financial solutions. Many NBFCs have pioneered digital platforms that allow customers to apply for loans online, significantly enhancing the speed and convenience of the process. This innovation has particularly resonated with a younger, tech-savvy customer base. By embracing digital technologies, NBFCs have improved operational efficiency, reduced costs, and expanded their customer base through online platforms and digital lending.

The outlook for the NBFC industry, especially for those focussed on small-ticket-size MSMEs, is promising. With approximately 64 million MSMEs in India, the total funding requirement for the sector is projected to reach ₹ 134.40 trillion in the near future. Of this, the total debt demand is estimated at ₹ 106.11 trillion, with ₹ 56.24 trillion, or 53%, expected to be addressable through formal funding sources such as banks and NBFCs.

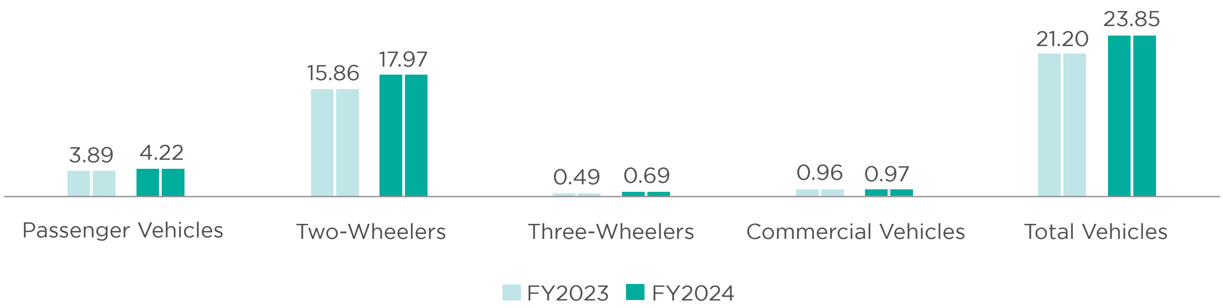
Source: https://bfsi.economictimes.indiatimes.com/news/nbfc/how-big-is-the-msme-lending-opportunity-for-banks-and-nbfcs/111272115

Industry Overview

Automobile Industry – A growth engine for India's economy

The Indian automobile industry, particularly the commercial vehicle segment, has shown robust performance, growing by approximately 12.5% YoY in FY2024. Total domestic sales reached 23.85 million units in FY2024 as compared to 21.20 million units sold in FY2023. Domestic sales reflected strong growth across all segments, with commercial vehicles achieving 0.97 million units sold in FY2024, an increase of approximately 0.6%.

Total Automobile Sales (in million units)



Source: Society of Indian Automobile Manufacturers (SIAM)

The demand for CVs is driven by factors such as economic growth, increased infrastructure projects, and the need for efficient logistics and transportation solutions. India's rapidly growing auto market is poised to hit a milestone, with projections indicating it will reach US$ 300 billion by 2026. This growth is fuelled by various factors, including rising income levels, urbanisation, and a rapidly growing middle class with increasing purchasing power. Overall, the growth in the CV segment reflects the potential for continued expansion and innovation within the CV financing industry.

Source: https://pib.gov.in/PressReleseDetailm.aspx?PRID=2014849#:~:text=During%20this%20FY%202023%2D24,in%20this%20FY%202023%2D24.

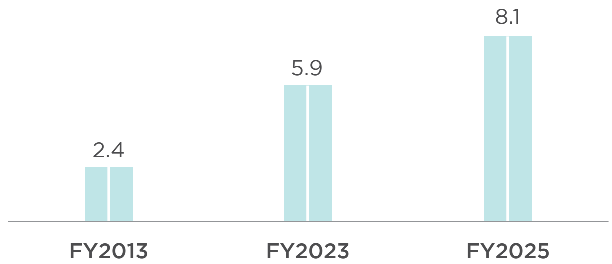
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1991568

https://www.siam.in/pressrelease-details.aspx?mpgid=48&pgidtrail=50&pid=562#:~:text=Commenting%20on%20sales%20data%20of,12.5%25%20during%20the%20last%20Financial

Commercial Vehicle (CV) Finance

The CV market in India has grown significantly due to the exponential rise in online retailing, new product introductions, enhanced logistics services, an expanded network of improved highways, and the implementation of BS-VI norms. Rising incomes and a growing young population are contributing to the demand for vehicles. Additionally, the availability of more credit and financing options is making vehicle purchases more accessible. The significant increase in activity within the infrastructure sector is driving a heightened demand for commercial vehicles.

Vehicle Financing Assets Under Management growth (in ₹ lakh crore)



Source: CRISIL

According to a CRISIL report, the AUM for vehicle financing by NBFCs are projected to grow by 17%, reaching ₹ 8.1 lakh crore by March 31, 2025, up from ₹ 5.9 lakh crore as of March 31, 2023. Growth in the vehicle financing sector is expected to be driven by rising demand for CVs, cars, utility vehicles, and two-/three-wheelers. This growth will be accompanied by larger ticket financing and the government's focus on infrastructure spending. Financing of cars/utility vehicles and two-/three-wheelers is also projected to see robust growth of 23-25% per annum, due to rising sales of premium models and significant replacement volume anticipated for two-wheelers. However, tractor financing will grow at a moderate pace of 8-10% per annum, due to the impact of uneven monsoon conditions. With the harmonisation of regulations, electrification, and increasing technology penetration in vehicles, the Indian CV industry has great potential to tap into both domestic and global growth opportunities.

Source: https://www.crisilratings.com/en/home/newsroom/press-releases/2023/12/vehicle-loan-aum-to-vroom-past-rs-8-lakh-crore-next-fiscal.html

Trends in the CV Industry

Exploring New Opportunities

The commercial vehicle industry is experiencing significant changes due to major technological trends. This transformation, part of broader shifts in the global automotive industry, is happening in areas such as alternative fuels, electrification, connected and autonomous technologies, and overall industry modernisation. Both legacy automobile OEMs and emerging startup brands are exploring new products for the CV market. From electric battery to hydrogen, a variety of new products are entering the market this year and beyond. This influx of innovative vehicles presents new opportunities for newer CVs to explore and utilise these advanced technologies.

Favourable Macro Tailwinds

Increasing household consumption, manufacturing, construction activity, and increased business investment are enhancing the CV market. Operators of commercial vehicles are prioritising service, maintenance, and operational efficiency improvements, influenced by economic conditions. Economic growth is set to increase vehicle-miles-travelled, boosting demand in the CV service, maintenance, and repair market as vehicles require more frequent and effective upkeep to operate efficiently.

Source: https://www.automotive-fleet.com/10218248/5-fleet-commercial-vehicle-market-trends-for-2024

https://auto.economictimes.indiatimes.com/news/commercial-vehicle/how-technology-megatrends-will-shape-the-future-of-indian-cv-industry/102178504

Used Commercial Vehicle Financing

While the sale of new commercial vehicles is experiencing robust growth in the post-Covid period, the used or pre-owned CV market has also been gaining strong traction in recent years. Limited availability of vehicles compared to higher demand, along with the continuous increase in prices of new trucks, are reported to be the key factors driving growth and price hikes in the used truck market. Moreover, the demand for used CVs has also been fuelled by individuals purchasing their first CVs and entering the market as first-time buyers, drawn by the affordability and cost-effectiveness compared to purchasing new vehicles. Buying a used CV is an attractive proposition because it allows transporting the same volume of goods at a lower per-tonne cost. The maintenance costs of these vehicles have also decreased, thanks to better-engineered components in BSIV vehicles. Meanwhile, leading commercial vehicle manufacturers have also intensified their focus on the used CV segment, through their branded re-sale operations.

Despite rising prices of pre-owned vehicles, the used commercial vehicle market in the country is anticipated to sustain its growth momentum. Over the past two years, there has been an increase in the prices of used commercial vehicles, and this trend is expected to continue in the near term. This robust demand is supported by the industry's transition from BS IV to BS VI, which has introduced a price differential of 25 to 30%.

While the growth outlook for the used CV market is promising in FY2025, sales of new CVs during the first half of FY2025 are likely to be flat compared to the same period of FY2024 due to the general elections and associated developments. However, the second half of FY2025 may see strong traction in used CV sales. Used CV financing is expected to maintain its strong growth momentum from the increased sales of used CVs in FY2025.

Source: https://www.thehindubusinessline.com/money-and-banking/used-truck-market-to-stay-in-positive-growth-curve-amid-rise-in-prices-of-vehicles/article68149800.ece

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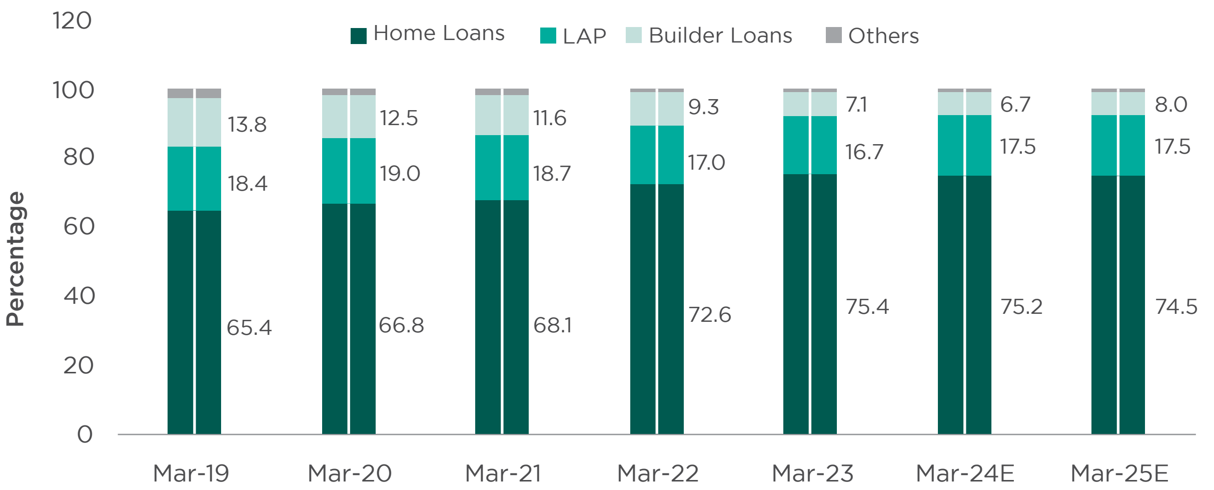
https://www.thehindubusinessline.com/money-and-banking/demand-for-used-trucks-offers-huge-financing-opportunity-for-nbfcs/article67508910.ece

Housing Finance

Housing Finance Companies (HFCs) are essential to the real estate sector, providing the financial services needed for homeownership and infrastructure development. This, in turn, drives economic growth and improves living standards across communities. The important role of HFCs is evident in the rise of individual housing loans and disbursements by Primary Lending Institutions (PLIs), indicating a strong recovery in housing credit.

According to a CareEdge report, home loans are projected to constitute 75.2% of the portfolio in FY2024 and 74.5% in FY2025, compared to 75.4% in FY2023 for HFCs. The share of Loans Against Property (LAP) is estimated to reach 17.5% in both FY2024 and FY2025, up from 16.7% in FY2023. Additionally, the AUM size is expected to grow by 12.3% in FY2024 and by 13.5% in FY2025, compared to 8.9% growth in FY2023.

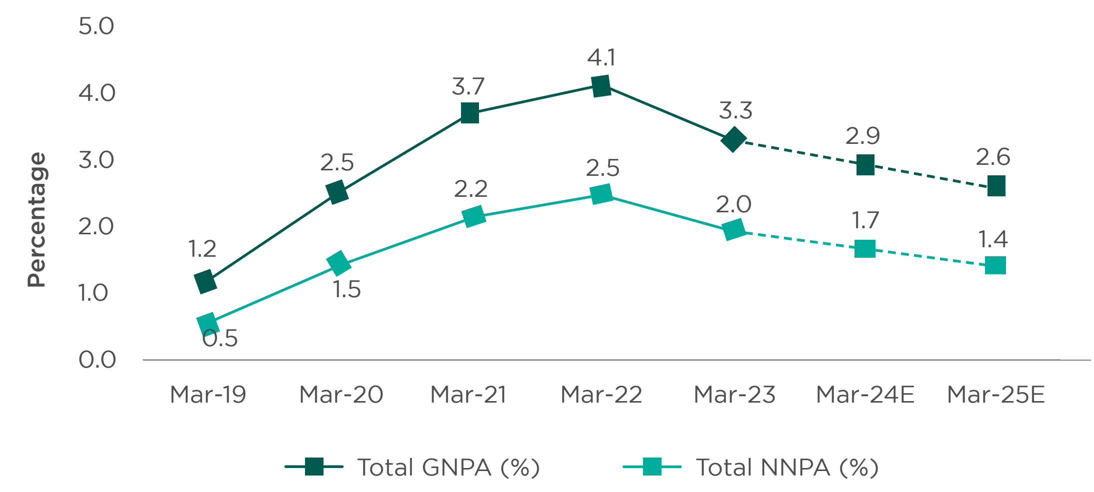
Portfolio Mix of HFCs (%)



Source: CareEdge March 2024 report

The GNPA is estimated to decline to 2.9% in FY2024 and further to 2.6% in FY2025 from 4.1% in FY2022 and 3.3% in FY2023. The provision coverage ratio for HFCs, which stood at 42% as of March 31, 2023, is anticipated to remain strong, ranging between 44% and 46% during FY2024 and FY2025. This indicates that HFCs are maintaining adequate provisions to mitigate credit risks. HFCs have fuelled this growth by adapting to market changes and meeting the housing finance needs of a growing population. Their ongoing support has created a more stable and accessible housing market, mirroring their importance in the financial landscape.

Affordable Housing Finance (AFHC)



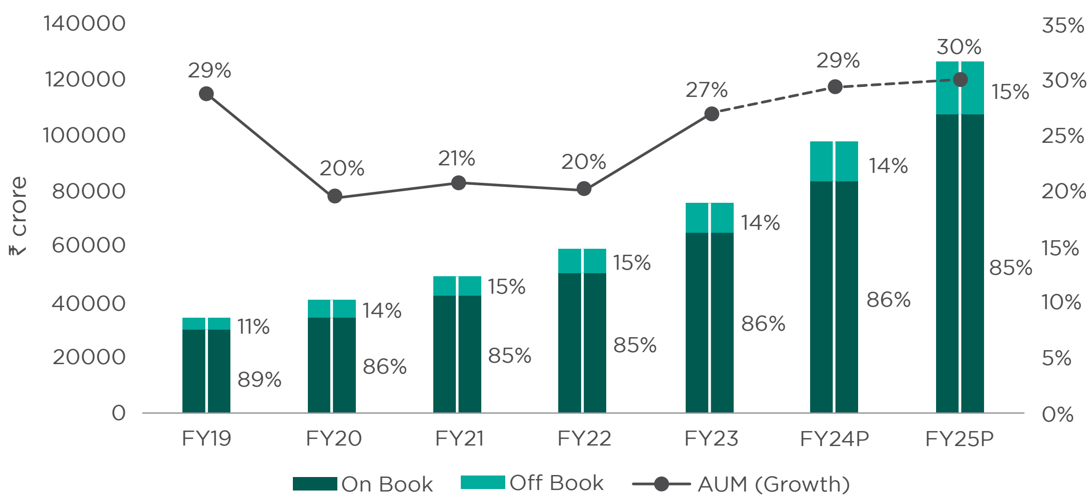
Source: CareEdge March 2024 report

Affordable Housing Finance (AFHC)

Affordable housing and affordable housing finance are expected to be key drivers of continued growth in the real estate sector, aligning with broader socio-economic objectives and fostering sustainability in the housing market. With over 3.8 crore houses sanctioned under PMAY-Urban as of December 2023, there has been a significant increase in housing supply, reflecting the government's commitment to reducing the housing deficit. The ambitious goal of completing 1 crore houses under PMAY-Urban by 2024 further demonstrates the government's dedication to stimulating growth in the real estate sector and meeting the housing requirements of urban populations.

According to the CareEdge report, AHFCs are expected to see their overall AUM growth of 29% for FY2024 and 30% for FY2025, compared to the 27% growth achieved in FY2023. Amid intensified competition and the need to protect margins, AHFCs have seen an expansion in the share of their non-housing portfolio, increasing from 17% as of March 31, 2019, to 26% by March 31, 2023. This share is projected to further rise to 27% by March 31, 2024, highlighting the sector's diversification and resilience.

AHFCs AUM Growth



Source: CareEdge February 2024 report

On November 16, 2023, the RBI issued directives aimed at managing the rapid expansion in specific consumer credit segments. These guidelines mandate banks and NBFCs to mitigate risks by increasing the risk weights for NBFCs rated A and above on consumer credit exposures, excluding certain categories such as housing loans, education loans, vehicle loans, and loans secured by gold and gold jewellery. While housing loans remain exempt, this exemption helps reduce sectoral vulnerability. However, tightening liquidity conditions are expected to keep the cost of funds elevated in the short to medium term.

Insurance Industry

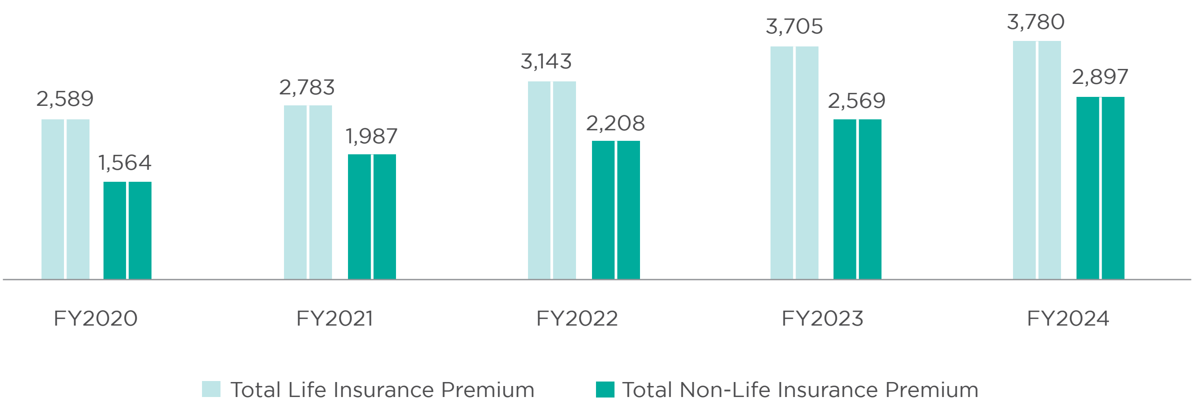
The Indian insurance industry is experiencing a surge driven by several key factors such as rising disposable income, urbanisation, technological advancements, product innovation, expansion of distribution channels, health and wellness trends, corporate insurance demand, and government initiatives. The entry of private companies has heightened competition, offering consumers more choices and potentially better deals. Moreover, a favourable regulatory environment crafted by the Insurance Regulatory and Development Authority of India (IRDAI) is encouraging growth. Insurance companies are also innovating with new products and processes, allowing for customisation to better meet individual needs. The rise in group insurance options for businesses further expands the market's reach.

In FY2024, India's life insurance industry premiums grew by 2%, with first-year premiums totalling ₹ 3,780 billion and 29.2 million policies sold. Both the life insurance and non-life insurance sectors are crucial components of the broader insurance landscape, providing comprehensive coverage against diverse risks for individuals and businesses alike.

The entry of private companies has heightened competition, offering consumers more choices and potentially better deals. Moreover, a favourable regulatory environment crafted by the Insurance Regulatory and Development Authority of India (IRDAI) is encouraging growth.

The non-life insurance industry saw significant growth in FY2024, particularly in the health and motor insurance segments. The total industry premium reached ₹ 2,897 billion, up from ₹ 2,569 billion in the previous period, by registering a growth rate of 12.8% YoY. Factors such as increasing disposable income and supportive regulations are expected to drive future growth. Additionally, efforts to enhance distribution networks and investments will further contribute to this growth.

Insurance Premiums (₹ billion)



Source: IRDAI

Company Overview

IndoStar Capital Finance Limited (hereafter referred to as 'IndoStar' or 'our Company') is a middle-layered NBFC and a systematically important non-deposit taking institution. Our Company operates under professional management and institutional ownership. We aim to establish our Company as a leading NBFC in retail lending, with a strong focus on financing commercial vehicles. Our Company provides financing for both new and used CVs, affordable home loans through its subsidiary IndoStar Home Finance Private Limited, and loans to SMEs.

IndoStar began as an NBFC focussed on corporate financing in 2011 but shifted its strategy to become a retail-focussed NBFC. As of March 31, 2024, our AUM totalled ₹ 8,763.0 crore, with ₹ 8,412.5 crore in retail financing. We are committed to improving overall asset quality and enhancing collections.

IndoStar's majority ownership by Brookfield has strengthened its capital base and given it additional financial flexibility. In FY2024, Brookfield held a majority stake of 56.20% in our Company's equity, while Everstone Group's ownership contributed to 18.8%. Public shareholding in IndoStar stood at 25.0% during the same period. During FY2024, the Board approved the issuance of 2.5 crore warrants to Brookfield and Florintree at ₹ 184 per share. This investment will enable the company to accelerate its journey in its core markets of vehicle finance and affordable housing finance

Expansion of Services

In FY2024, IndoStar received a certificate of registration to act as a Corporate Agent from IRDAI. This will allow our Company to cross-sell insurance products to its customers, generating additional fee income.

IndoStar Capital Business Overview – AUM

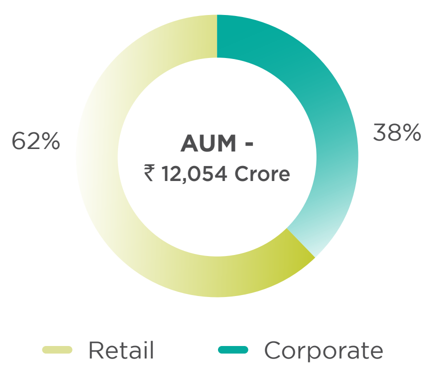
Business Segments	Details	AUM as on March 31, 2024
Commercial Vehicle Finance	We offer financing for both used and new commercial vehicles.	₹ 5,594 crore
Housing Finance	Our wholly-owned subsidiary, IndoStar Home Finance, provides affordable home loans to self-employed and salaried customers.	₹ 2,270 crore
SME Finance	We are also a financier for small and medium enterprises, helping them achieve their business growth plans.	₹ 485 crore
Corporate Lending		₹ 388 crore
Others		₹ 26 crore
Total		**₹ 8,763 crore**

Effective Retailisation Strategy

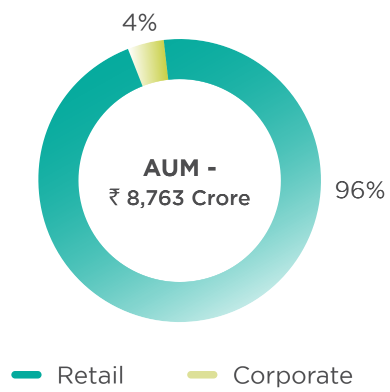
As of March 31, 2024, our consolidated AUM was ₹ 8,763 crore, up from ₹ 7,813 crore on March 31, 2023. Of this, the retail book accounted for ₹ 8,349 crore (96% of total AUM), compared to ₹ 6,588 crore (85% of AUM) on March 31, 2023. Our retailisation process, which began in FY2018, continues to progress. Our corporate loan book decreased from ₹ 4,604 crore on March 31, 2019, to ₹ 388 crore on March 31, 2024.

Share in AUM – By Accounts Type (in %)

FY2019



FY2024



Business Segments

Commercial Vehicle Finance

Commercial Vehicle Finance Overview

AUM

₹ 5,594 Crore

Average Ticket Size

₹ 8.0 Lakhs

Presence across

23 States

IndoStar prioritises financing pre-owned commercial vehicles as a key strategic segment of our business operations. We have established ourselves as a leading player in this market, leveraging a deep understanding of borrower profiles and credit behaviours to maintain a sustainable competitive advantage. Our efforts involved a thorough review and refinement of our strategy, processes, and underwriting policies to enhance operational efficiency and responsiveness to market dynamics during FY2024. Looking ahead, we anticipate strong growth in this sector, driven by economic expansion and increasing demand across small, medium, and heavy commercial vehicle categories.

The rise in long-distance Medium and Heavy Commercial Vehicles (M&HCV) is expected to boost demand for light commercial vehicles, complementing the hub-and-spoke model of transportation. Recent enhancements in road infrastructure have facilitated the operation of larger long-distance trucks, which primarily transport goods to warehouses on the outskirts of major cities. Meanwhile, intra-city transport increasingly relies on CNG-powered small trucks, benefiting from unrestricted travel times.

Used Commercial Vehicle Segment

We expect used commercial vehicle prices to remain stable in future, especially with the introduction of BS-VI vehicles into the retail market. They enable transporting the same volume of goods at a lower cost per tonne. Moreover, the extended lifespan of CVs now allows NBFCs like us to finance vehicles up to 12 years old. Our robust payment collection capability reflects the strength of our business model, and the trust customers place in us.

In addition, the adoption of technologies like FASTag, along with the elimination of Octroi and Checkposts, has extended asset lifespans, reduced downtime, thereby boosting resale values. Additionally, there is a notable increase in the resale of BS-VI vehicles due to their enhanced technical performance.

Key Initiatives to expand Used CV segment:

Our company has introduced new digital loan origination processes with the aim to broaden our market presence, extend into smaller geographies, and deepen penetration in rural areas. This initiative has boosted the productivity of our sales team.

We plan to maximise our current reach by deepening market penetration and strengthening our customer relationships. We are strategically and actively exploring new products and strategies to boost returns and generate additional income in the used CV segment. We will maintain our competitive edge and consistently deliver value to our stakeholders by diversifying our product range for used CV.

Business Review in FY2024

The demand for medium and heavy commercial vehicles, coupled with a surge in light commercial vehicles, is driving growth in the used vehicle segment. This trend is largely influenced by the government's scrappage policy, which imposes a 15-year age limit on vehicles. The fact that the new vehicles are getting expensive is also driving the demand for used CVs.

In response, we are enhancing our capabilities, infrastructure, and operational processes within the CV finance sector. Our objective is to establish a nationwide presence, serving the pre-owned vehicle needs of all our customers. We envision substantial growth in our AUM, leveraging the substantial potential in the used CV segment.

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Housing Finance

AUM	Disbursements	NIMs
₹ 2,270 Crore	₹ 937 Crore	7.7%
FY2023: ₹ 1,623 Crore	FY2023: ₹ 487 Crore	FY2023: 8.9%

Net Total Income	PAT	Branches
₹ 182.8 Crore	₹ 44.1 Crore	124 Branches
FY2023: ₹ 144.0 Crore	FY2023: ₹ 37.8 Crore	FY2023: 77

IndoStar Home Finance, a wholly-owned subsidiary of IndoStar Capital Finance, specialises in affordable housing finance, offering high-yielding home loans in the range of 13% to 14% and Loans against Property (LAP) in the 17% to 18% range, with an average ticket size of approximately ₹ 9 lakh. During FY2024, our AUM grew from ₹ 1,623 crore to ₹ 2,270 crore, growing by 40% YoY.

Over the past seven years, we have developed a robust branch network and a dedicated workforce. Throughout the year, we have enhanced our leadership team with industry experts in Finance, Human Resources, and Technology. Our Branch network grew to 124 in FY2024 from 77 in FY2023. Moreover, we enrolled 175 net additions in our employee base during FY2024. With a team of 932 employees and a strong emphasis on direct customer engagement, we are poised to expand our business ambitiously. Our strategic focus is on increasing loan disbursements while ensuring strong liquidity and a reliable funding pipeline, all the while maintaining excellent asset quality.

Our Key Business Strengths

Experienced Management Team	• Our seasoned management team is complemented by regional teams with a conservative background, recruited from other prominent companies in the industry.
Increasing Geographical Footprint	• Strategically focussing on South and West India using a cluster-based approach to manage concentration challenges. • Targeting states where there is the greatest demand-supply gap for affordable housing.
Flexible Payment Options	• We offer a diverse range of payment methods for customers, resulting in cash payments accounting for only 3-4% of total transactions.
Centralised Underwriting Framework	• Emphasising Income Assessment from Informal Sources • Targeting New-to-Credit Customers and Loans under ₹ 20 lakhs, while deprioritising Higher Delinquency Categories.
Increasing Loan against Property (LAP) portfolio	• Tapping into Significant Micro LAP Opportunities in Tier 3 & 4 Cities.

SME Finance

Business Review in FY2024

Strategic Actions to Reduce Stressed Portfolio

During FY2024, we took a decisive step forward in reducing our stressed portfolio by selling a portion of our SME loan portfolio, totalling ₹ 332 crore in principal outstanding, to Encore Asset Reconstruction Company. Also, as a part of the retailisation strategy, a substantial part of the legacy corporate loan portfolio amounting to ₹ 915 crore to Phoenix Asset Reconstruction Company, in line with our focus on bolstering our core lending operations.

We monetised our Security Receipts (SR) from a previous asset reconstruction transaction on our legacy CV book, realising ₹ 96.6 crore, continuing our efforts to grow our interest-bearing assets.

Key Achievements of Indostar in FY2024

Strong Liquidity Position

We have made significant progress in improving our liquidity position by raising incremental funding of approximately ₹ 5,790 crore in FY2024. IndoStar maintains healthy liquidity, with cash and cash equivalents, including investments in mutual funds and treasury bills, totalling ₹ 940 crore as of March 31, 2024. As we accelerate our disbursement engine, we aim to raise funds, bringing our current low debt-to-equity ratio closer to industry norms.

Accelerating Retailisation Strategy

As part of our retailisation strategy, retail loans increased from 78% in FY2021 to 96% in FY2024, even with low disbursement of retail loans this year. Our net profit was driven by lower credit cost provisions in the commercial vehicle loan segment. In FY2024, collections totalled ₹ 4,059 crore, achieving a gross collection efficiency including overdues and prepayments of 136.1%. Collections in the Commercial Vehicle division were ₹ 2,642 crore in FY2024, up 14% from ₹ 2,326 crore in FY2023. We focussed on reducing our stress book by actively pursuing customer settlements and selling nearly 50% of it. As a result, the stress book now constitutes approximately 4% of our total vehicle finance AUM. Additionally, our Company made a decisive move in our retailisation strategy by selling a substantial portion of our legacy corporate book to Phoenix ARC.

Refining Underwriting Policies

IndoStar is revising its underwriting policies to focus more on individual first-time light CV owners, resulting in greater granularity. On the product side, we are shifting our focus from heavy CVs to used medium and small CVs. This change will lead to greater granularity in our business. We anticipate robust future growth driven by these segments, alongside enhanced performance in our affordable housing finance business.

Healthy Financials

As of March 31, 2024, our consolidated net worth was ₹ 3,235.2 crore, up from ₹ 3,111.6 crore on March 31, 2023. Our gearing level remained at 2.3 times on the same date. With the retailisation of our portfolio, the gearing is expected to increase from current levels. The Capital Adequacy Ratio (CAR) was well above the regulatory requirement at 28.9% as of March 31, 2024, compared to 31.5% on March 31, 2023, both well above the regulatory requirement of 15%.

Ratings Upgrade from CARE and CRISIL

On July 28, 2023, CRISIL removed 'Rating Watch with Negative Implications' from our Company's debt instruments and long-term bank facilities. Our ratings were reaffirmed at 'CRISIL AA-', with CRISIL assigning a 'Negative' outlook to the long-term rating. Moreover, on November 28, 2023, the long-term rating of our Company's facilities and instruments was rated by CARE, from 'A+; Stable' to 'AA-; Stable' and the short-term rating of commercial paper is reaffirmed at 'A1+'.

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Driving Profitable and Sustainable Growth in FY2024

Expanding Geographically

Our goal is to serve the used CV market with higher yields, as we believe that Tier 3 and 4 markets remain underserved by larger organised players. We aim to capitalise on this opportunity by expanding our branch network into these areas, reaching customers in Tier 3 and 4 cities.

We have enhanced our hub-and-spoke model by relocating more branches to Tier 3 and Tier 4 cities. Our focus has been on establishing smart branches that have lower fixed costs and operate with leaner teams. We have continued to improve efficiencies across our branch network and expand our reach for profitable growth. Our emphasis is on automating all processes to improve productivity and achieve cost efficiency.

Driving Efficiency Through Digital Transformation

We remain agile in managing profitability through cost efficiency. Our investment in technology and digitalisation is helping us improve turnaround times, productivity, and operating cost efficiencies. We undertook the rationalisation of our brand structure by introducing a 3-tiered, fully integrated, and digital brand framework to enhance operational efficiency and embrace digital transformation. This initiative has significantly improved branch operations in terms of both volume and cost efficiencies.

During FY2024, we strengthened our business by revamping our processes, reviewing our policies, and upgrading our technology systems – from loan origination to credit appraisal, disbursal, and collection processes. We also made sustained efforts to reduce our stressed book and strengthened our collection mechanism by adding more staff and establishing a dedicated Collection Call Centre. In FY2024, we have consistently achieved over 120% collection efficiency including overdues and prepayments, indicating a successful clearance of earlier delinquencies.

Operational Performance in FY2024

Assets Under Management (₹ Crore)

	CV Finance	Home Finance	SME Finance	Corporate Lending	Total
March 2020	4,643	832	1,746	2,930	10,150
March 2021	4,194	996	1,849	1,932	8,998
March 2022	4,908	1,406	1,776	1,543	9,658
March 2023	3,672	1,623	1,293	1,200	7,813
March 2024	5,594	2,270	485	388	8,763

Disbursements (₹ Crore)

	Retail Lending	Corporate Lending	Total
March 2020	2,356	1,149	3,505
March 2021	1,609	218	1,827
March 2022	4,885	61	4,947
March 2023	1,937	162	2,099
March 2024	5,190	307	5,497

Financial Performance In FY2024

IndoStar has established a presence in 23 states with 515 branches, including Tier 3 and 4 cities. We remain focussed on opening micro branches that operate with greater efficiency and less manpower, concentrating on CV Finance and HFC. Last year, we revamped our processes, reviewed policies, upgraded our technology systems and applied and extended digitisation across our various branches.

In FY2024, we successfully executed our strategy of moving towards retailisation by selling a portion of our corporate portfolio to an Asset Reconstruction Company (ARC). As a result, our corporate portfolio stood at ₹ 388 crore in FY2024. On a consolidated basis, we recorded revenue of ₹ 1,393.0 crore, representing a year-over-year increase of 18.6%. In FY2024, other income stood at ₹ 4.6 crore as compared to ₹ 5.3 crore in FY2023. Finance costs were ₹ 687.3 crore, 18.5% higher. The Net Total Income grew to ₹ 710.2, growing by 18.5%. Our Net Interest Margin (NIM) improved substantially as we shifted focus to Tier 3 and 4 cities. The NIM for FY2024 stood at 5.9% as compared to 6.1% recorded in FY2023.

In FY2024, about 98% of our total CV disbursements were for used CVs, where yields are significantly better. This strategy improved overall yields and spread, increased the granularity of the book, and reduced risk. Operating expenses were ₹ 492.2 crore, about 22.7% higher compared to the previous year. Operating expenses have increased primarily due to our Company's expansion of branches and hiring more employees to drive growth in CV Finance and HFC segments. The management team has initiated a strategic cost control initiative to rationalise and control costs in the coming period.

Pre-Provisioning Operating Profit was ₹ 218.0 crore, representing a growth of 9.9% YoY. While the AUM has seen a growth of good quality portfolio, the sale of large portion of the Corporate book to an ARC, the higher interest costs and the increased operating costs due to increase in branches and manpower, certain one-off reversals in the previous year, all led to a the growth of PPOP being muted. Profit After Tax (PAT) stood at ₹ 115.8 crore as compared to ₹ 225.2 crore recorded in FY2023. AUM was ₹ 8,763 crore compared to ₹ 7,813 crore in the previous year.

Our capital adequacy stood at 28.9%, providing the resources and flexibility to pursue future growth ambitions. Our debt-equity ratio of 2.3 times, leaving enough headroom to source external debt and grow the book profitably. We recorded gross collections of ₹ 4,059 crore, up 0.4% from ₹ 4,043 crore in the previous year. Gross collection efficiency including overdues and prepayments was 136.1%, reflecting our commitment to maintaining high credit standards and efficient operations. Collections against the pool sold to ARC give us confidence in achieving write-backs in the next few quarters.

Our Company has demonstrated significant improvement in asset quality over the last year, with consolidated Gross Stage 3 assets at 4.1% in FY2024, down from 6.8% in FY2023. Standalone Gross Stage 3 assets improved significantly from 8.1% in March 2023 to 5.0% in March 2024. This improvement was driven by a keen focus on CV and SME collections and structural steps taken to sell down non-performing assets in the legacy SME business.

Segmental Performance

In Commercial Vehicle Finance, with a strong focus on the CV portfolio and significant growth in disbursements, AUM has increased by 52%, reaching ₹ 5,594 crore in FY2024. We recorded a total disbursement of ₹ 4,253 crore as compared to ₹ 1,435 crore recorded during the previous year. The loan to value ratio stood at 73.8% in March 2024, as compared to 72.7% in March 2023. Our average ticket size for loans given has also increased considerably from ₹ 6.2 lakhs in FY2023 to ₹ 8.0 lakhs in FY2024.

In Housing Finance, we recorded a total revenue of ₹ 290 crore in FY2024, up from ₹ 208.3 crore the previous year, while PAT grew by 16.7% to ₹ 44.1 crore compared to ₹ 37.8 crore in FY2023. AUM stood at ₹ 2,270 crore, up from ₹ 1,623 crore the previous year. We disbursed ₹ 937 crore in FY2024 compared to ₹ 487 crore last financial year. Gross Stage 3 trended downwards to 1.1% as of March 31, 2024, a significant improvement from 1.3% in March 2023. Net Stage 3 was 0.8%, with healthy spreads on the portfolio. Our capital adequacy ratio was strong at 57.4%, indicating sufficient capital to support business growth.

In SME Finance, we have strategically reduced our high-ticket SME portfolio to ₹ 485 crore from ₹ 1,293 crore in FY2023, by selling to an ARC, thereby minimising risk and enhancing our financial position. These efforts have also led to significant improvements in our NPA ratios. Gross NPA of the SME book reduced from ₹ 200 crore in FY2023 to ₹ 39 crore in FY2024. The management team is focussed on driving recoveries and reversals, enhancing the SME collections functions with additional legal resources to drive the Securitisation and Reconstruction of

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Financial Assets and Enforcement of Security Interest Act (SARFAESI) recovery process and liquidate recovered assets through an open-auction process.

Business Outlook

At IndoStar, we have a strong vision for growth and are committed to achieving this in a calibrated and customer-centric manner. In the near future, our goal is to introduce more products that comprehensively address the entire customer lifecycle. This strategy will enable our customers to secure funding at competitive rates and reduce their dependency on unorganised market players. We are leveraging technology to streamline processes and enhance efficiency, playing a crucial role in driving these efforts. As a result, we anticipate exceptional results moving forward, with enhanced customer experiences and increased operational effectiveness.

We are expanding our retail operations with a particular emphasis on the used CV segment, focussing primarily on Tier 3 and Tier 4 markets. We are committed to scaling up our operations to drive growth while maintaining asset quality. Our goal is to sustain progress in profitability by steadily increasing our targeted return on total assets.

Furthermore, we are committed to focussing on analytics to ensure our model remains agile and scalable. Our approach blends physical and digital touchpoints, catering to customers who are still adapting to evolving technologies. We will continue the path of retailisation and aim for profitable growth over the next few quarters.

Human Resources

IndoStar Capital holds the firm belief that its people are integral to maintaining a competitive edge. Our Company is dedicated to creating an environment where every employee can achieve their maximum potential. IndoStar upholds a meritocratic culture, rewarding performance as a cornerstone of its approach. To support its rapid growth trajectory, our Company actively recruits individuals with robust domain expertise. Continuous training programmes ensure that employees gain skills with evolving products, processes, systems, and compliance requirements. IndoStar also places a strong emphasis on on-the-job training for younger team members and encourages supervisors to actively mentor their teams. As of March 31, 2024, IndoStar had a workforce of 3,999 employees.

Information Technology

IndoStar has successfully transitioned to a seamless digital lending process by adopting a next-generation loan origination system (LOS). This upgrade has significantly enhanced transparency throughout the lending lifecycle. Automated Know your Customer (KYC) processes, data-driven underwriting, and deep API integrations have collectively improved operational efficiencies. Collaborations with fintech developers have yielded successful outcomes for our Company, including the launch of a customer app that eliminates the necessity for frequent visits to branches. Additionally, our sales team's productivity has seen a significant enhancement thanks to a newly introduced sales app. Key feature introductions such as bank-ledger auto reconciliation and PAN and Aadhaar verification for customer validation have addressed crucial regulatory compliance gaps.

The implementation of Robotic Process Automation (RPA) has provided faster outcomes at reduced costs across incentive calculations, data entry automation, KYC document management, and daily reporting. A systematic shift to cloud infrastructure and the gradual migration from ageing on-premises systems have enabled IndoStar to manage costs effectively while leveraging state-of-the-art cloud benefits for critical business applications. Rigorous security measures, including firewall installations in branches, adoption of 16-digit complex passwords, and continuous monitoring of the dark web, have enhanced IT infrastructure against cyber threats. Additional security tools like mobile device management and secure email gateways have further strengthened data leak prevention efforts.

RISK MANAGEMENT

At IndoStar, our approach to risk identification is guided by our Company objectives, the external environment, and the needs of our stakeholders. We systematically assess strategic, financial, and operational risks to ensure comprehensive coverage. Following identification, we develop detailed plans that outline mitigation strategies tailored to each identified risk. This proactive approach helps us effectively manage and minimise potential impacts on our business operations.

Interest Rate Risk

Interest risk refers to the potential for the value of an investment to decline due to changes in benchmark interest rates.

Mitigation

IndoStar evaluates critical factors such as customer profiles, competitive dynamics, and growth goals while determining adjustments to interest rates. Our Company closely monitors interest rate fluctuations and implements necessary measures to safeguard its business interests.

Asset Liability Management (ALM) Risk

The ALM risk arises from a discrepancy in the maturity profiles of assets and liabilities, caused by varying loan tenures for customers compared to debt obligations raised by our Company.

Mitigation

The Asset Liability Management Committee (ALCO) monitors this risk by tracking market trends. As per our Company's Risk Management Framework, ALCO employs strategies concerning assets and liabilities. The ALM support group convenes regularly to assess liquidity. Our Company always holds sufficient liquidity assets and reserves to support growth and meet obligations. Additionally, it ensures continual access to funds to maintain liquidity in unforeseen circumstances.

Credit Risk

Credit Risk arises from borrower default, stemming from liquidity crises, economic downturns, bankruptcy, or other factors.

Mitigation

Our Company utilises a comprehensive and well-defined credit policy that includes rigorous credit approval processes and guidelines to mitigate associated risks. A robust post-sanction monitoring and collection process is also in place to identify credit portfolio trends and early warning signals, further enhancing risk mitigation efforts.

Operational Risk

Operational Risk pertains to operational failures, including breakdowns in processes and controls, which can adversely affect business continuity, reputation, and profitability of our Company.

Mitigation

Our Company has implemented a robust control and audit mechanism to identify and mitigate operational risks effectively. Our Company maintains a strong operating model supported by well-documented Standard Operating Procedures (SOPs) and a comprehensive reporting framework. These measures ensure that operational risks are minimised and always managed efficiently.

Regulatory Risk

In the financial sector, there are intricate regulatory requirements. Failure to comply with these regulations can lead to financial penalties and harm our Company's reputation.

Mitigation

Our Company maintains strict adherence to relevant rules and regulations through a robust internal control framework, strong IT systems, and a skilled team. It closely monitors developments and proactively adjusts to government policy changes to mitigate regulatory risks.

Fraud Risk

We may encounter various fraud risks, including loan fraud, identity theft, internal fraud, and cyber fraud. These risks can lead to financial losses and damage to our reputation due to deliberate deception or misrepresentation by individuals or entities, both internally and externally.

Mitigation

Our Company has established a control framework to prevent, detect, investigate, and manage fraud effectively. Our dedicated Risk Control Unit (RCU) oversees these efforts, actively monitoring, investigating, and preventing fraud. We uphold a zero-tolerance policy towards fraud, ensuring awareness and implementing strong controls to mitigate risks. Our Fraud Risk Management reports to the Chief Risk Officer, overseeing all fraud risks, while our Audit Committee and Board of Directors oversee fraud cases identified by regulators.

Information Security Risk

We may encounter risks such as data breaches, cyberattacks, and unauthorised access, potentially compromising sensitive information and harming our reputation.

Mitigation

We have implemented rigorous information classification and controls, including Data Leak Prevention (DLP) measures, to prevent unauthorised data disclosures. Our Security Operations Centre (SOC) monitors and responds to security incidents, while we regularly conduct vulnerability assessments for all our infrastructure and applications. We actively monitor our brand for potential risks and threats, ensuring comprehensive oversight and protection. In addition, we maintain robust email and network security measures to safeguard our communications and data. Furthermore, we have developed comprehensive Business Continuity and Disaster Recovery plans to ensure resilience and preparedness in the face of any disruptions. Additionally, we have established Risk Appetite Statement (RAS) parameters specifically tailored to our IT systems.

Internal Financial Controls

Our Company adheres to a robust policy framework designed to ensure rigorous control over all business processes. We have implemented a strong internal control mechanism to safeguard our assets, enhance operational efficiency, and ensure strict compliance with regulatory requirements, as well as accuracy in financial reporting and management information.

We have taken proactive measures to strengthen controls, review policies, and upgrade our technology systems in response to identified deficiencies in our control framework. We ensure that areas identified as critical through our audit plans undergo comprehensive review by our internal audit function by upholding our commitment to sound corporate governance and effective risk management practices. Subsequently, these findings are scrutinised and approved by the Audit Committee.

Our audit plans are strategically formulated based on thorough risk assessments to prioritise areas requiring scrutiny. Both our Management Committee and the Audit Committee of the Board diligently evaluate internal audit findings. Subsequently, corrective actions are proposed and implemented across relevant functional areas by process owners, thereby continuously enhancing the robustness of our internal control framework.

Cautionary Statement

This document includes statements regarding anticipated future events, financial and operational outcomes of IndoStar, which are forward-looking. Due to their nature, forward-looking statements necessitate our Company to make assumptions and are susceptible to inherent risks and uncertainties. There is a substantial risk that these assumptions, predictions, and other forward-looking statements may prove inaccurate. Readers are advised against placing undue reliance on such forward-looking statements, as several factors could cause actual future results and events to differ significantly from those expressed in these statements. Therefore, this document is subject to the disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors outlined in IndoStar's Management Discussion and Analysis in the Annual Report for FY2024.

Board's Report

Dear Members,

Your Directors are pleased to present the 15th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2024.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2024 and comparison with the previous financial year ended March 31, 2023 are summarized below:

(₹ in crore)

Particulars	Standalone	
	March 31, 2024	March 31, 2023
Total income	1,125.23	993.08
Total expenditure	1,053.62	805.81
Profit/(loss) before taxation	71.61	187.27
Less: Provision for taxation		
- Current tax	-	-
- Deferred tax asset	-	-
- Tax of earlier years	-	-
Net profit/(loss) after taxes	71.61	187.27
Other comprehensive income, net of tax	(0.24)	0.76
Total comprehensive income	71.38	188.03
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	(14.32)	(37.45)
Appropriation towards dividend and dividend distribution tax	-	-
Surplus in the statement of profit and loss	57.06	150.58
Balance brought forward from previous period	(379.70)	(530.28)
Balance carried to balance sheet	(322.64)	(379.70)
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	5.26	13.76
Diluted (₹)	5.26	13.76

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

The financial highlights tabulated above are based on the requirement of the Reserve Bank of India ("RBI") Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023, the circulars, directions, notifications issued by the RBI from time to time ("RBI Directions") and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder. For details of Reserves and Surplus of the Company, please refer Note No. 21 of the audited standalone financial statements of the Company for the financial year ended March 31, 2024.

Details on performance of your Company has also been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended on the equity shares of the Company, keeping in view the Company's objective of meeting the long-term capital requirement for 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 at https://www.indostarcapital.com/investors-corner#investor-services.

Due to carry forward losses of previous years and in-availability of sufficient profits of the current year, directors do not recommend any dividend for the financial year under review.

ACCOUNTING METHODS

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

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2024.

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

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 or any investment made by the Company are not applicable to the Company.

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made by the Company are given in the Note no. 6 of the audited standalone financial statements.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

Your Company has 2 (two) wholly-owned subsidiaries namely, IndoStar Home Finance Private Limited ("IHFPL") and IndoStar Asset Advisory Private Limited ("IAAPL"). 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.

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

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Company's Policy for Determining Material Subsidiary, IHFPL continue to be a material subsidiary of your Company. Further, pursuant to the requirement of appointing an Independent Director of the Company on the board of directors of IHFPL in terms of explanation to Regulation 24(1) of the Listing Regulations, Ms. Naina Krishna Murthy, Independent Director of the Company, has been appointed as Independent Director on the Board of IHFPL w.e.f. April 22, 2024.

The Audit Committee reviews the financial statements of subsidiaries of the Company, the investments made by its subsidiaries and the statement of all significant transactions and arrangements entered into by the subsidiaries, if any, in terms of the Listing Regulations. The minutes of board meetings of the unlisted subsidiary companies and presentations on financial performance of material subsidiary, are placed before the Board.

IndoStar Home Finance Private Limited ("IHFPL")
IHFPL is registered with the National Housing Bank to carry on the business as a housing finance institution without accepting public deposits and primarily focuses on providing affordable home finance. IHFPL commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 2,270 crore as on March 31, 2024. IHFPL operates in 9 states across India through various branches and has an employee base of over 932 employees as on March 31, 2024.

During the year under review, the total income of IHFPL was ₹ 290.43 crore (previous year: ₹ 209.24 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 44.10 crore (previous year: ₹ 37.78 crore). The other key performance indicators of IHFPL are: (a) Return on Assets: 2.9%; (b) Capital to Risk Weighted Assets Ratio: 57.35%; (c) Debt-Equity Ratio: 2.64x; (d) Assets Under Management: ₹ 2,270 crore which is 40% YoY growth; (e) Disbursements: ₹ 937 crore; (f) Gross Stage 3 assets: 1.13%; and (g) Cash & cash equivalent including undrawn lines: ₹ 397 crore.

The Board of Directors and Members of the IHFPL in order to rebrand the Company with the Company's undertakings in the housing finance business, which will also aid in building its individual recognition and goodwill in the market has approved the name of the Company to be changed from "IndoStar Home Finance Private Limited" to "Niwas Housing Finance Private Limited" which shall become effective from the date of issue of fresh certificate of incorporation by the Registrar of Companies and approval of the other regulatory authority(ies) as may be required.

Subsequent to the year under review, IHFPL received the certificate of registration to act as Corporate Agent from the Insurance Regulatory and Development Authority of India (IRDAI) dated 19 August 2024.

IndoStar Asset Advisory Private Limited ("IAAPL")
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.

IAAPL acted 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") and has applied to SEBI for surrendering the registration of IndoStar Credit Fund and IndoStar Recurring Return Credit Fund and the applications are under process.

During the year under review, the total income of IAAPL was ₹ 0.19 crore (previous year: ₹ 0.16 crore) and the Profit after tax was ₹ 0.12 crore (previous year: Profit after tax was ₹ 0.10 crore).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations and the 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.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

Pursuant to Regulation 34 of the Listing Regulations, detailed BRSR report, in the format as prescribed by Securities and Exchange Board of India ("SEBI"), describing various initiatives taken by the Company towards the Environmental, Social and Governance aspects forms part of this Report and has been provided at Annexure V to this Boards report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

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 M/s. Mehta & Mehta, Company Secretaries, confirming compliance with the conditions of Corporate Governance as prescribed under the Listing Regulations is annexed to the Corporate Governance Report.

REGISTRATION AS A CORPORATE AGENT

During the year under review, the Company received the certificate of registration to act as Corporate Agent from the Insurance Regulatory and Development Authority of India (IRDAI) dated 21 February 2024.

LAUNCH OF NEW PRODUCT – MICRO LOAN AGAINST PROPERTY

The Company, subsequent to the year under review, launched new product viz. Micro Loan Against Property with an intention to diversify portfolio in different products. The Company introduced Micro LAP (Loan Against Property) product as a risk mitigation strategy for the Company which is primarily focused on commercial vehicle loans financing activities, justification for the same includes: diversification of portfolio, collateral security, stable asset class, market demand etc.

SHARE CAPITAL

Authorized Share Capital

The Members, at its Extra-Ordinary General Meeting of the Company held on 22 March 2024 approved increase in authorized share capital of the Company from (i) ₹ 1,650,000,000/- (Indian Rupees One Hundred and Sixty Five Crore only) divided into: (a) 152,500,000 (Fifteen Crore Twenty Five Lakh) equity shares of ₹ 10 (Indian Rupees Ten only) each, amounting to 1,525,000,000 (Indian Rupees One Hundred and Fifty Two Crore and Fifty Lakh Only); and (b) 12,500,000 (One Crore Twenty Five Lakh) preference shares of ₹ 10 (Indian Rupees Ten only) each, amounting to 125,000,000 (Indian Rupees Twelve Crore Fifty Lakh Only) to (ii) ₹ 2,000,000,000 [Indian Rupees Two Hundred Crore Only] divided into (a) 187,500,000 (Eighteen Crore Seventy Five Lakhs) equity shares of ₹ 10 (Indian Rupees Ten only) each, amounting to ₹ 1,875,000,000 (Indian Rupees One Hundred Eighty Seven Crores Fifty lakhs); and (b) 12,500,000 (One Crore Twenty Five Lakh) preference shares of ₹ 10 (Indian Rupees Ten only) each, amounting to 125,000,000 (Indian Rupees Twelve Crore Fifty Lakh Only) and consequent alteration in Clause v(a) of the Memorandum of Association of the Company.

Issued, Subscribed and Paid-up Share Capital

As on March 31, 2024 and as on the date of this report, the issued, subscribed and paid-up share capital of the Company stands at ₹ 1,360,792,950 divided into 136,079,295 equity shares of ₹ 10 each.

Your Company has not issued any sweat equity shares or equity shares with differential voting rights. None of the Directors on the Board of the Company as on March 31, 2024, holds any instruments convertible into Equity Shares of the Company.

Issue and allotment of convertible warrants

Subsequent to the year under review, pursuant to the special resolutions passed at the Extra Ordinary General Meeting of the Company held on 22 March 2024, the Company issued and allotted convertible warrants as per following details:

Sr. No	Name of allottee	Category of Allottee	No. of warrants	Price per warrant	Consideration received*
1	Florintree Tecserv LLP	Non-Promoter Entity	10,869,565	₹ 184	₹ 499,999,990

**25% of the total consideration. Balance 75% to be received upon conversion of warrants into Equity shares.*

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, the disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RESOURCES AND LIQUIDITY

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

During the year under review, your Company has raised additional funds from inter-alia, following sources (i) 762.50 crore as bank borrowings (outstanding as on March 31, 2024: ₹ 1,306.01 crore); (ii) ₹ 2,455 crore through issuance of non-convertible debentures (outstanding as on March 31, 2024: ₹ 3,248.00 crore); and (iii) ₹ 1,090 crore by securitization of loan assets of the Company. Subsequent to the year under review, the Company raised ₹ 660.00 crore through issue of commercial paper. Funds raised through private placement of debentures were utilized for the purpose mentioned in the respective offer documents. Till the pending utilization of funds for stated purpose, the funds were temporarily invested in mutual funds/Banks FDs/ maintained a balance in current accounts.

During the year under review, the Board of Directors at its meeting held on 24 January 2024, approved issue of listed, rated, secured, redeemable, non-convertible debentures ("NCDs"), aggregating up to ₹ 500 crore (Rupees Five hundred crore) in one or more series/ tranches including option of oversubscription (Greenshoe Option), if any, to investors eligible under applicable law by way of public issue ("the Public Issue"), which is within the limit approved by the shareholders of the Company at the Annual General Meeting held on 30 August 2019 and the draft prospectus for issue of NCDs aggregating up to ₹ 300 crore (Rupees Three hundred crore was filed on 29 July 2024 and In-principle approval for the same was received on 12 August 2024 from Bombay Stock Exchange.

Your Company continues to be adequately capitalized and is in compliance with capital adequacy norms prescribed by the Reserve Bank of India. Your Company has sufficient liquidity to satisfy its short-term and long-term liabilities.

CREDIT RATING(S)

Credit Ratings assigned to the Company as on March 31, 2024 is summarized below:

Particulars / Rating Agencies	Rating	Remarks
Long Term:		
• Debt Programme		
CARE Ratings Limited	CARE AA(-)	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.
CRISIL Ratings Limited	CRISIL AA(-)	
• Market Linked Debentures		
CARE Ratings Limited	CARE PP-MLD AA(-)	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.
• Short Term Debt Programme / Commercial Paper:		
CRISIL Ratings Limited	CRISIL A1(+)	Securities with this rating are considered to have very strong degree of safety regarding timely servicing of financial obligations. Such securities carry very lowest credit risk.
CARE Ratings Limited	CARE A1(+)	

During the year under review, CARE Ratings Limited upgraded the long-term rating to "CARE AA-"; re-affirmed short-term rating at "CARE A1+" while retaining outlook as "Stable".

During the year under review, while CRISIL did not revise the long-term or short term rating and retained them at CRISIL AA- and CRISIL A1+ respectively; while it removed Rating Watch with Negative Implications and assigned "Negative" outlook.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2024 stood at 1.96

CAPITAL ADEQUACY RATIO

Your Company is well capitalized to provide adequate capital for its continued growth. As on March 31, 2024, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 28.87% 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, 2024 stood at ₹ 1,741.26 crore.

RBI DIRECTIONS AND APPOINTMENT OF CHIEF COMPLIANCE OFFICER

Your Company endeavors to comply 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 Middle-layer non-deposit taking non-banking financial company ("NBFC").

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

In terms of the RBI Circular dated 11 April 2022 on Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs, the Board of Directors, on recommendation of Nomination and Remuneration Committee, through circular resolution, approved appointment of Ms. Rashmita Prajapati as Chief Compliance Officer of the Company for a period of 5 (five) years with effect from 7 August, 2023.

ALTERATION OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the special resolution passed at its Extra-Ordinary General Meeting of the Company held on 22 March 2024, the Company, during the year under review, altered its Articles of Association of the Company with respect to the issuance of warrants convertible into equity shares of the Company, and for other ancillary matters in respect thereof, along with a clarificatory amendment to the article pertaining to further issue of shares by the Company.

Further, subsequent to the year under review, pursuant to the special resolution passed through postal ballot on 28 June 2024, the Company altered it Articles of Association of the Company with respect to increase in total number of directors from to the maximum of eight directors to maximum of nine directors.

COMPLIANCE WITH MINIMUM PUBLIC SHAREHOLDING

During the year under review, IndoStar Capital and Everstone Capital Partners II LLC, members of the promoter and promoter group of the Company, have sold the 19,340,000 equity shares of the Company representing 14.21% of the total paid-up equity share capital through offer for sale by way of stock exchange mechanism and the public shareholding in the Company has now increased upto 25% and accordingly the Company is in compliance with the minimum public shareholding norms with effect from May 5, 2023, as required under Regulation 38 of the Listing Regulations.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

During the year under review, the Company shifted its registered office from "Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400099 to Silver Utopia, 3rd Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099 with effect from December 5, 2023.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At present, the Board of Directors of your Company comprises 9 (nine) Directors of which 3 (three) are Non-Executive Independent Directors of whom one is a Woman Director, 4 (four) are Non-Executive Non-Independent Directors and 2 (two) are Executive Directors. The Chairman of the Board of Directors is a Non-Executive Independent Director. The Board composition is in compliance with the requirements of the Act, the Listing Regulations and the RBI Directions. Detailed composition of the Board of Directors of the Company has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Appointment and Cessation:

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

During the year under review, Mr. Munish Dayal, Non-Executive Non-Independent Director, resigned from the Board of Directors of the Company with effect from 8 September 2023. The Board of Directors places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Dayal, during his association with the Company.

Subsequent to resignation of Mr. Dayal, upon nomination by BCP V Multiple Holdings Pte. Ltd., in terms of the shareholder's agreement dated 31 January 2020 executed among the Company, BCP V Multiple Holdings Pte. Ltd. and Indostar Capital, the Board of Directors, upon recommendation of Nomination and Remuneration Committee, through circular resolution passed on 8 September 2023 approved appointment of Mr. Devdutt Marathe as Additional Non-Executive Non-Independent Director with effect from 8 September 2023. Further, in terms of notice(s) received under Section 160 of the Act, proposing candidature of Mr. Marathe, the shareholders at the 14th Annual General Meeting of the Company held on 18 September 2023 approved the appointment of Mr. Marathe, as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Subsequent to the year under review, the Board of Directors, upon recommendation of Nomination and Remuneration Committee, at their meeting held on 13 May 2024, approved and recommended appointment of Mr. Randhir Singh as the Whole Time Director and Executive Vice Chairman of the Company to the shareholders of the Company. The shareholders approved the appointment of Mr. Randhir Singh as the Whole Time Director and Executive Vice Chairman by passing a special resolution through postal ballot on 28 June 2024 effective from the date as may be decided by the Board of Directors/its committee. Mr. Randhir Singh assumed office as the Whole Time Director and Executive Vice Chairman of the Company with effect from 22 July 2024.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Dhanpal Jhaveri (DIN: 02018124) and Mr. Aditya Joshi (DIN: 08684627), shall retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting of the Company. Brief profiles of Mr. Dhanpal Jhaveri and Mr. Aditya Joshi have been included in the notice convening the ensuing Annual General Meeting.

Re-appointment of Independent Directors

None of the Independent Director(s) on the Board of Directors of the Company is due for re-appointment.

Resignation of Independent Director(s)

During the year under review, none of the Independent Director(s) on the Board of Directors of the Company had resigned before the expiry of their respective tenure(s).

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, 2024 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 Governance Report which is annexed to and forms an integral part of this Board's Report.

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Act and Regulations 16(1)(b) and 25(8) of the Listing Regulations, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and Regulations 16(1)(b) of the Listing Regulations. In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Key Managerial Personnel ("KMP")

During the year under review, Mr. Jitendra Bhati resigned as Company Secretary and Compliance officer of the Company with effect from close of business hours of April 17, 2023 and Ms. Shikha Jain was appointed as Company Secretary and Compliance officer of the Company with effect from April 18, 2023.

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

Mr. Karthikeyan Srinivasan	Chief Executive Officer
Mr. Vinodkumar Panicker	Chief Financial Officer
Ms. Shikha Jain	Company Secretary & Compliance Officer

MEETINGS

The Board and Committees meet at regular intervals inter-alia to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 12 (twelve) 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.

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.

BOARD COMMITTEES

The Board of Directors, in compliance with the requirements of various laws applicable to the Company, as part of 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 the following:

- Audit Committee,
- Risk Management Committee,
- Nomination & Remuneration Committee,
- Asset Liability Management Committee,
- Corporate Social Responsibility Committee,
- Stakeholders Relationship Committee,
- Grievances Redressal Committee,
- IT Strategy Committee,
- IT Steering Committee,
- Borrowing Committee (erstwhile Debenture Committee),
- Credit Committee,
- Management Committee,
- Internal Complaints Committee(s),
- Banking Committee,
- ESG Working Review Committee and
- Disciplinary Committee.
- Debt- Public Issue Committee
- Retail Lending Committee
- Corporate Lending Committee

Detailed note on the composition of the Board and its committees, including its terms of reference and meetings held are provided in the Corporate Governance Report. The composition and terms of reference of the Committees of the Board of the Company is in line with the provisions of the Act, the Listing Regulations and RBI Directions.

PERFORMANCE EVALUATION

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

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on 26 March 2024 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.

The Board of the Company was satisfied with the functioning of the Board and its Committees. The Committees are functioning well and besides covering the Committees' terms of reference, as mandated by applicable laws, important issues are brought up and discussed in the Committee Meetings. The Board was also satisfied with the contribution of Directors in their individual capacities. The Board has full faith in the Chairman leading the Board effectively and ensuring participation and contribution from all the Board Members.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with the requirements of the Listing Regulations, the Company has adopted and put in place a Familiarisation Programme for Independent Directors to familiarize Independent Directors 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. A formal letter of appointment is given to Independent Directors at the time of their appointment which lays down the fiduciary duties, roles and responsibilities of an Independent Director. The terms and conditions of appointment of Independent Directors is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

In terms of Regulation 46 of the Listing Regulations, the details of familiarization 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 available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 (2) 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.

Subsequent to the year under review, the Board of Directors approved amendment to the above Policy in order to align the same with the Act, Listing Regulations and RBI Directions. Details of the Policy on Selection Criteria / "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

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

During and subsequent to the year under review, the Board of Directors approved amendment to the above Policy in order to align the same with the RBI Directions. Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Employee Remuneration

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

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing 15th Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

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

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

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

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

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SBEB & SE Regulations").

Subsequent to the year under review, pursuant to the special resolution passed through Postal Ballot on 28 May 2024, the shareholders of the Company approved the amendment to the IndoStar ESOP Plan 2018 ("ESOP 2018"), to retain top talent and to ensure that the NRC has the requisite powers to ensure that the ESOP 2018 provides the NRC the flexibility to customise the grant, vesting and exercise conditions for the various levels of employees and those which meet industry remuneration standards.

Disclosures in terms of Regulation 14 of the SBEB & SE Regulations , are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

AUDITORS

Statutory Auditors & their Report

During the year under review, in terms of the provisions of the Act and in order to comply with the guidelines issued by RBI on 27 April 2021 for appointment of statutory auditors for NBFCs, the Deloitte Haskins and Sells LLP ceased to hold the office of Statutory Auditors of the Company from the conclusion of 14th Annual General Meeting and M S K A & Associates, Chartered Accountants, (Firm registration no. 105047W), Mumbai were appointed as the Statutory Auditors of the Company, for a period of three (3) consecutive years from the conclusion of the 14th Annual General Meeting until the conclusion of the 17th Annual General Meeting.

The Statutory Auditors have issued their unmodified opinion, both on standalone and consolidated financial statements, for the financial year ended March 31, 2024. They have not highlighted any qualifications, reservations, adverse remarks or disclaimers. The Statutory Auditors have not reported any incidents of material fraud to the Audit Committee of the Board during the financial year 2023-24. The notes to the accounts referred to in the auditor's report are self-explanatory and therefore do not call for any further explanation and comments.

Secretarial Auditors & their Report

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Mehta & Mehta, Company Secretaries, to conduct the Secretarial Audit for the financial year under review.

The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. Mehta & Mehta, Company Secretaries, is attached as Annexure I to the Board's Report.

Ms. Mehta & Mehta, Company Secretaries, in their report on the secretarial audit of your Company for the financial year ended March 31, 2024 have submitted following remarks/qualifications:

a. As per Regulation 24A (2) of SEBI (LODR) Regulation, 2015, the Company shall submit a secretarial compliance report to stock exchanges within sixty days from end of each financial year however the report in pdf and xbrl formats have been filed on a delayed date.

b. As per Regulation 47 (3) of SEBI (LODR) Regulation, 2015, the Company shall publish in newspaper the financial results within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved however the same was delayed by one day.

c. As per Regulation 60(2) of SEBI (LODR) Regulation, 2015, delayed notice has been given to the stock exchange for the record date.

d. As per Regulation 29 (2) of SEBI (LODR) Regulation, 2015, prior intimation to be given to the Stock Exchange for fund raising has not been given by the Company.

e. As per Regulation 30 of SEBI (LODR) Regulation, 2015, delayed intimation has been given to the National Stock Exchange for the appointment of Mr. Devdutt Marathe & Resignation of Mr. Munish Dayal.

Director's Response to the remarks/qualification in Secretarial Audit Report:

The delay in submissions were inadvertent and due to human error. The Company has since been working to put in place adequate systems and automation tools to strengthen its governance and to ensure no such instances were repeated in future. The Company would be more cautious and ensure the compliance are done on time.

In terms of Regulation 24 A(2) of the Listing Regulations, Annual Secretarial Compliance Report with respect to all applicable compliances under regulations and circulars / guidelines issued by the Securities and Exchange Board of India from M/s. Mehta & Mehta, Company Secretaries in prescribed format for the financial year ended March 31, 2024 has been submitted to the stock exchanges.

A copy of the secretarial audit report for the financial year 2023-24 issued to IndoStar Home Finance Private Limited, a material unlisted subsidiary of the Company is attached as Annexure II to the Board's Report.

Cost record and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by 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. The Whistle Blower Policy / Vigil Mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

During the year under review, the Board of Directors approved amendment to Whistle Blower Policy / Vigil Mechanism to replace the name of Vigilance and Ethics Officer pursuant to resignation of Mr. Jitendra Bhati and appointment of Ms. Shikha Jain as Company Secretary and Compliance Officer of the Company. 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 ("CSR Rules"), 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 Company was not required to spend any amount towards CSR activities as required under Section 135 of the Act and hence, disclosure pursuant to Section 134(3)(o) of the Act is not applicable to the Company.

Subsequent to the year under review, the Board of Directors approved amendment to Corporate Social Responsibility Policy to include "promotion of sports" as of the CSR project/activity and other regulatory amendments in line with the Act. 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.

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 Management Framework and Policy which inter-alia integrates various elements of risk management into a unified enterprise-wide policy.

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

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

Subsequent to the year under review, the Board of Directors approved amendment to Risk Management Framework of the Company with the intention make it more robust and to meet the requirement of the today's business environment.

During the year under review, the Board of Directors through resolution passed through circulation, on recommendation of Nomination & Remuneration Committee and Risk Management Committee, appointed Mr. Nitin Gyanchandani as Chief Risk Officer of the Company with effect from 17 July 2023 for the period of 5 years.

Details of the Risk Management 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 organizational structure, documented policies, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal system / policies and applicable laws. The internal control system / policies of your Company are supplemented with internal audits, regular reviews by the management and checks by external auditors. It provides reasonable assurance in respect of financial and operational information, compliance with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and also ensuring compliance with the Company's policies. The Audit Committee monitors the internal controls system / 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 is of a view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of operations.

The Statutory Auditors and the Internal Auditors of the Company also provide their confirmation that the internal financial control framework is operating effectively.

During the year under review, the Statutory Auditors have not reported any instances of material fraud in the Company committed by officers or employees of the Company to the Audit Committee under Section 143(12) of the Act.

INTERNAL AUDIT

The Company has in place an effective Internal Audit Framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organisation's Risk Management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations with a Risk Based Internal Audit (RBIA) approach.

The Company has implemented a RBIA Programme in accordance with the requirements of RBI circular dated 3rd February 2021. The Internal audit plan is approved by the Audit Committee and Internal audits are undertaken on a periodic basis to independently validate the existing controls. Internal Audit Reports are regularly reviewed by the management and corrective action is initiated to strengthen controls and enhance the effectiveness of existing systems. Significant audit observations, if any, are presented to the Audit Committee along with the status of management actions and the progress of implementation of recommendations.

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 CEO and CFO of the Company, for financial year ended March 31, 2024, is enclosed herewith at Annexure IV to this Board's Report.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

During the financial year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in Form AOC-2 under Section 134(3) (h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is not applicable.

Prior approval of the Audit Committee is obtained for all Related Party Transactions ("RPTs") including omnibus approval for transactions which are of a repetitive nature and entered into in the ordinary course of business and at arm's length in accordance with the Policy on Related Party Transactions of the Company. A statement on RPTs specifying the details of the transactions pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee.

Pursuant to Regulation 23(9) of Listing Regulations, disclosures of RPTs are submitted to the Stock Exchanges on a half-yearly basis and published on the Company's website at https://www.indostarcapital.com/investors-corner/#investor-relations.

Disclosure of the related party transactions as required under Ind AS - 24 are reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2024.

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.

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 Annual Return as at financial year ended March 31, 2024 in prescribed form No. MGT-7 is available on the website of the Company at https://www.indostarcapital.com/investors-corner #investor-services.

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

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

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

During the year under review, one complaint related to sexual harassment was received by the Internal Complaints Committee and the Regional Internal Complaints Committees and the same was disposed off. There are no complaints pending as on March 31, 2024.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Details of unclaimed dividends and equity shares which are transferred to the Investor Education and Protection Fund and Investor Education and Protection Fund authority are mentioned in the General Shareholders' Information which forms a part of the Corporate Governance Report.

OTHER DISCLOSURES

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 date of this Board's Report.

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.

During the year under review, your Company, in the capacity of a financial creditor, has not filed petitions before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being corporate debtors.

During the year under review, there has been no instance of one-time settlement with any Bank(s) or Financial Institution(s).

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

The operations of the Company are not energy intensive nor does they 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 applicable to the Company. The Company has, however, implemented various energy conservation measures across all its functions which are highlighted in the BRSR forming part of this Report.

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 12.28 crore (Previous year foreign exchange expenditure: ₹ 40.19 crore).

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, your Directors hereby confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2024, 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 profits 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) the directors, had 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 are required to be strengthened.

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 Insurance Regulatory and Development Authority 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, Debenture Trustees, Credit Rating Agencies, Members, Employees and Customers of the Company for their continued support and trust.

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

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 29, 2024

Annexure I

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED 31st MARCH, 2024

{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
Office No- 301, Wing A, CTS No 477
Silver Utopia, Chakala Road,
Opposite Proctor and Gamble, Andheri (E),
Sahargaon, Mumbai- India 400099

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"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed here under 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, 2024, according to the 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 there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment;

(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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (during the period under review not applicable to the Company);

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the period under review not applicable to the Company);

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (during the period under review not applicable to the Company);

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the Company);

(j) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 2021;

(vi) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016; (up to the period it was effective) and thereafter Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;

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

(viii) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016; (up to the period it was effective) and thereafter Master Direction – Reserve Bank of India (Filing of Supervisory Returns) Directions – 2024;

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

(x) Master Direction – Information Technology Framework for the NBFC Sector; (up to the period it was effective) and thereafter Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices;

(xi) Master Direction – Monitoring of Frauds in NBFCS (Reserve Bank) Directions, 2016.

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India;

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc except:

a. As per Regulation 24A (2) of SEBI (LODR) Regulations, 2015, the Company shall submit a secretarial compliance report to stock exchanges within sixty days from end of each financial year however the report in pdf and xbrl formats have been filed on a delayed date.

b. As per Regulation 47 (3) of SEBI (LODR) Regulations, 2015, the Company shall publish in newspaper the financial results within 48 hours of conclusion of the meeting of board of directors at which the financial results were approved however the same was delayed by one day.

c. As per Regulation 60(2) of SEBI (LODR) Regulations, 2015, delayed notice has been given to the stock exchange for the record date.

d. As per Regulation 29 (2) of SEBI (LODR) Regulations, 2015, prior intimation to be given to the Stock Exchange for fund raising has not been given by the Company.

e. As per Regulation 30 of SEBI (LODR) Regulation, 2015, delayed intimation has been given to the National Stock Exchange for the appointment of Mr. Devdutt Marathe & Resignation of Mr. Munish Dayal.

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

Adequate notices are given to all Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all the Directors. Meetings held at shorter notice are in compliance with the provisions of the Act 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of 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 and guidelines.

We further report that during the audit period the Company passed the following special / ordinary resolutions which are having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. Issuance of Non-Convertible Debentures on Private Placement basis.

b. Approval of Material Related Party Transactions with BCP V Multiple Holdings Pte. Ltd, the holding Company of the Company.

c. Appointment of Mr. Devdutt Marathe as a Non-Executive Non-Independent Director of the Company.

d. Re-appointment of Mr. Hemant Kaul as Non-Executive Independent Director for a second consecutive term of five years.

e. Re-appointment of Ms. Naina Krishna Murthy as Non-Executive Independent Director for a second consecutive term of five years.

f. Appointment of Mr. Karthikeyan Srinivasan as a Whole-Time Director on the Board of Directors of the Company designated as Chief Executive Officer.

g. Increase in the Authorized Share Capital of the Company and consequent alteration of clause V(A) of the Memorandum of Association of the company.

h. Alteration of the Articles of Association of the Company.

i. Issuance of Warrants to BCP V Multiple Holdings Pte Ltd and/or BCP V Multiple FVCI Holdings Pte Ltd, promoters of the Company on a preferential basis.

j. Issuance of Warrants to Florintree Tecserv LLP, a Non-Promoter Entity on a preferential basis.

We further report that during the audit period the Company has transacted the following activities through the approval of the Board / Committee resolutions which are having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

a. The Company has issued and allotted 10,000 (Ten Thousand) Unsecured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures of Face Value of ₹ 100,000 (Rupees One Lakh) amounting upto ₹ 1,000,000,000 (Rupees Hundred Crore Only) on Private Placement basis.

b. The Company has issued and allotted 165,500 (One Lakh Sixty Five Thousand Five Hundred) Secured, Redeemable, Rated, Listed, Senior, Taxable, Non-Convertible Debentures of Face Value of ₹ 100,000 (Rupees One Lakh) amounting upto ₹ 16,550,000,000 (Rupees One Thousand Six Hundred and Fifty Crore Only) on Private Placement basis.

c. The Board of Directors at their meeting held on January 08, 2024 approved the issuance of Non-Convertible Debentures by way of public issue.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Atul Mehta
Partner
FCS No: 5782
CP No: 2486
PR No: 3686/2023
UDIN: F005782F000271509
Place: Mumbai
Date: April 29, 2024

Note: 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
Office No- 301, Wing A, CTS No 477
Silver Utopia, Chakala Road,
Opposite Proctor and Gamble, Andheri (E),
Sahargaon, Mumbai- India 400099

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 representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points (vi) to (x) of our Secretarial Audit Report in Form MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.

7) 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 Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Atul Mehta
Partner
FCS No: 5782
CP No: 2486
PR No: 3686/2023
UDIN: F005782F000271509
Place: Mumbai
Date: April 29, 2024

Annexure II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024
[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 Home Finance Private Limited
CIN: U65990MH2016PTC271587
Unit No. 305, 3rd Floor, Wing 2/E, Corporate Avenue,
Andheri - Ghatkopar Link Road, Chakala,
Andheri (East), Mumbai – 400093

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Home Finance Private Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2024. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and, subject to our comments hereinafter, 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, 2024 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder (Not Applicable during the Audit Period);
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable:
   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (To the extent applicable);
   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable during the Audit Period);
   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable during the Audit Period);
   e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended; (Not Applicable during the Audit Period);
   f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;
   g) The Securities and Exhcnage Board of India (Debenture Trustees) Regulations, 1993
   h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable during the Audit Period);
   i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not Applicable during the Audit Period); and
   j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not Applicable during the Audit Period).
6. 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 systems and process

in place for compliance with the following laws applicable specifically to the Company:

a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;

b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

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

d) The Prevention of Money Laundering Act, 2002 and the Rules made thereunder;

e) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India/National Housing Bank from time to time in respect of Non - Deposit taking Housing Finance Company to the extent applicable.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. The Listing Agreement entered into by the Company with BSE Limited;

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) Stamp Acts and Registration Acts of respective states;

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

(iv) Labour Welfare Acts of respective states;

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

(vi) Such other Local laws as applicable to the Company and its offices/ branches.

We further report that during the period under review the Board of Directors of the Company was duly constituted with proper balance of Executive Director and Non-Executive Directors, except regarding absence of a woman director on the Board of Directors of the Company. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice was 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 through unanimous approval and no dissenting views were observed while reviewing the minutes.

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

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

(i) The Company has issued following Listed Non-convertible Debentures:

- 3000 Secured, Redeemable, Rated, Listed, Senior, Taxable Non-Convertible Debentures having face value of INR 1,00,000/- each.

- 2500 Secured, Rated, Listed, Fully Paid up, Redeemable, Transferable, Non-Convertible Debentures having a face value of INR 1,00,000/- each.

(ii) On September 18, 2023, the members at the Annual General Meeting inter-alia approved the following:

a. Re-appointment of Mr. Shreejit Menon (DIN: 08089220) as whole-time director designated as Chief Executive Officer of the Company;

b. Issue of Non - Convertible Debentures (NCDs) under Private Placement such that the aggregate principal amount of such NCDs does not exceed ₹ 10,000,000,000 (Rupees One Thousand crore only) during a period of 1 (one) year from the date of passing Special Resolution;

(iii) On January 22, 2024, Board of Directors considered and approved the change of name of

IndoStar Home Finance Private Limited and the proposal to undertake a rebranding exercise.

(iv) On January 31, 2024, the members at the Extraordinary General Meeting approved the following:

(a) Adoption of Indostar Home Finance Private Limited ESOP Scheme 2024

(b) Approval of the Indostar Home Finance Private Limited ESOP Scheme 2024 ("plan") for eligible employees of Holding Company(ies) or Subsidiary Company(ies).

(c) Approval of the grant of options to the employee exceeding 1% of the issued capital of the Company.

(v) Nomination & Remuneration committee vide circular resolution dated February 7, 2023 considered and approved grant of 1,77,27,750 stock options under Indostar Home Finance Private Limited ESOP Plan 2024.

(vi) On March 27, 2024, the members at the Extraordinary General Meeting approved alteration to object clause of the Memorandum of Association of the Company.

H Choudhary & Associates
(Practicing Company Secretaries)

CS Harnatharam Choudhary
Proprietor
Membership No: F8274
C P No.: 9369
UDIN: F008274F000846507

Place: Mumbai
Date: 26 July 2024

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, 2024

<table>
<tr><th>Sr. No.</th><th>Requirement</th><th colspan="2">Disclosure</th></tr>
<tr><td rowspan="10">1.</td><td rowspan="10">The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year</td><td>Name of Director</td><td>Ratio</td></tr>
<tr><td>Mr. Bobby Parikh</td><td>-</td></tr>
<tr><td>Mr. Hemant Kaul</td><td>-</td></tr>
<tr><td>Ms. Naina Krishna Murthy</td><td>-</td></tr>
<tr><td>Mr. Dhanpal Jhaveri</td><td>-</td></tr>
<tr><td>Mr. Vibhor Kumar Talreja</td><td>-</td></tr>
<tr><td>Mr. Aditya Joshi</td><td>-</td></tr>
<tr><td>Mr. Munish Dayal*</td><td>-</td></tr>
<tr><td>Mr. Devdutt Marathe^</td><td>-</td></tr>
<tr><td>Mr. Karthikeyan Srinivasan</td><td>46.24</td></tr>
<tr><td rowspan="13">2.</td><td rowspan="13">The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year</td><td>Name of Director / CEO / CFO/ CS</td><td>Percentage Increase in their remuneration during the financial year under review</td></tr>
<tr><td>Mr. Bobby Parikh</td><td>-</td></tr>
<tr><td>Mr. Hemant Kaul</td><td>-</td></tr>
<tr><td>Ms. Naina Krishna Murthy</td><td>-</td></tr>
<tr><td>Mr. Dhanpal Jhaveri</td><td>-</td></tr>
<tr><td>Mr. Vibhor Talreja</td><td>-</td></tr>
<tr><td>Mr. Aditya Joshi</td><td>-</td></tr>
<tr><td>Mr. Munish Dayal*</td><td>-</td></tr>
<tr><td>Mr. Devdutt Marathe^</td><td>-</td></tr>
<tr><td>Mr. Karthikeyan Srinivasan (CEO)</td><td>10%</td></tr>
<tr><td>Mr. Vinodkumar Panicker (CFO)</td><td>17%</td></tr>
<tr><td>Mr. Jitendra Bhati (CS)$</td><td>-</td></tr>
<tr><td>Ms. Shikha Jain (CS)**</td><td>43%</td></tr>
<tr><td>3.</td><td>The percentage increase in the median remuneration of employees in the financial year</td><td colspan="2">2%</td></tr>
<tr><td>4.</td><td>Number of permanent employees on the rolls of Company at the end of financial year</td><td colspan="2">3,067</td></tr>
<tr><td>5.</td><td>Average percentile increases 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</td><td colspan="2">The average salaries of employees other than managerial personnel, has decreased by 13.71% as compared to average salaries paid in the financial year 2022-23 due to increase in number of employees in lower salary bracket.

There has been an average increase in the Managerial Remuneration by 10% for the financial year 2023-24.</td></tr>
<tr><td>6.</td><td>Affirmation that the remuneration is as per Remuneration Policy of the Company</td><td colspan="2">It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.</td></tr>
</table>

Note:

** Ceased to be a Director of the Company with effect from September 8, 2023*

^ Appointed as Director of the Company with effect from September 8, 2023.

$ Resigned as Company Secretary of the Company with effect from close of business hours of April 17, 2023, hence there was no increase in remuneration.

*** Appointed as Company Secretary of the Company with effect from April 18, 2023.*

Further, sitting fees paid to Non-Executive Independent Directors has not been included for calculation of remuneration paid to them.

Annexure IV

CEO and CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

We, Karthikeyan Srinivasan, Chief Executive Officer and Vinodkumar Panicker, Chief Financial Officer hereby certify that:

A. we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2024, and to the best of our knowledge and belief:

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

   2) 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 we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, of which we are aware and the steps taken to rectify these deficiencies.

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

   1) Significant changes, if any, in internal control over financial reporting during the year;

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

   3) 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.

Karthikeyan Srinivasan
Chief Executive Officer

Vinodkumar Panicker
Chief Financial Officer

Place: Mumbai
Date: April 29, 2024

Annexure V

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	Corporate Identity Number (CIN) of the Listed Entity	L65100MH2009PLC268160
2	Name of the Listed Entity	IndoStar Capital Finance Limited
3	Year of incorporation	2009
4	Registered office address	Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400099
5	Corporate address	Same as registered office address
6	E-mail	icf.secretarial@indostarcapital.com
7	Telephone	022 – 4315 7000
8	Website	www.indostarcapital.com
9	Financial year for which reporting is being done	2023-24
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11	Paid-up Capital	₹ 1,36,07,92,950
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Ms. Shikha Jain Company Secretary & Compliance Officer Phone: 022 – 4315 7039 Email id: sjain4@indostarcapital.com
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Disclosures made in this report are on a standalone basis and relates only to the Company
14	Name of assurance provider	Not applicable for the financial year 2023-24
15	Type of assurance obtained	Not applicable for the financial year 2023-24

II. Product and Services

16. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial and Insurance Service	Other financial activities	100%

17. Products/Services sold by the entity (accounting for 90% of the turnover)

S. No.	Product/Service	NIC Code	% of Turnover of the entity
1	Non-Banking Financial Company engaged in lending and allied activities	649	100%

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	-	391	391
International	-	-	-

19. Markets served by the entity:

a. **Number of locations**

Locations	Number
National (No. of States)	23
International (No. of Countries)	-

b. **What is the contribution of exports as a percentage of the total turnover of the entity?**
Nil. The Company does not have export business.

c. **A brief on types of customers**
The Company being a non-banking finance company mainly focuses on retail lending, particularly in vehicle finance, housing finance, corporate lending and SME finance. Following are the types of customers based on products:

Commercial Vehicle Finance: The Company primarily focuses on transport entrepreneurs mainly Small Road Transport Operators (SRTO) including finance for farm equipment, two wheelers, four wheelers and constructions vehicles and desires to be a lender of choice for them. The Company aims to enhance its market presence in this segment and provide relatively affordable credit to customers, garnering healthy demand and also factoring in the risks.

Housing Finance: The Company, through its 100% subsidiary i.e., IndoStar Home Finance Private Limited (IHFPL) - a non-deposit taking housing finance company registered with National Housing Bank (NHB), focuses on customers in Tier 2 & 3 cities and those on the outskirts of urban markets. It serves those seeking loans for purchase and self-construction of residential properties.

SME Finance: IndoStar's SME Finance business is primarily aimed at lending to small and medium enterprises for their business financing needs, including working capital, business expansion or other requirements. SME loans are predominantly offered against the collateral of a self-occupied residential or commercial property. Our key customers in this segment are traders, manufacturers, self-employed professionals and service businesses. Nearly 40% of our SME loans are being disbursed to customers qualifying under the Priority Sector lending (PSL) category.

Corporate Lending: IndoStar Capital Finance specialises in offering customised structured solutions to meet funding requirements of mid-to-large corporates. IndoStar has financed projects across several sectors including real estate, steel, cement, media and entertainment, dairy, financial services, pharmaceuticals, FMCG and more.

IV. Employees

20. Details as at the end of Financial Year:

a. **Employees and workers (including differently abled):**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1	Permanent (D)	3,067	2,947	96%	120	4%
2	Other than Permanent (E)	126	119	94%	7	6%
3	Total employees (D + E)	3,193	3,066		127	
WORKERS						
1	Permanent (F)	Not Applicable				
2	Other than Permanent (G)					
3	Total employees (F+G)					

The Company being in financial service sector is not required to employ workers.

b. **Differently abled Employees and workers:** Nil

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50%
Key Management Personnel	3	1	33.33%

22. Turnover rate for permanent employees and workers
(Disclose trends for the past 3 years)

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23%	1%	24%	50%	2%	52%	26%	2%	28%
Permanent Workers	Not Applicable								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	BCP V Multiple Holdings Pte. Ltd.	Holding Company	56.20%	No
2	IndoStar Home Finance Private Limited	Wholly-owned subsidiary	100%	No
3	IndoStar Asset Advisory Private Limited	Wholly-owned subsidiary	100%	No*

**Presently, IndoStar Asset Advisory Private Limited does not have any business and have applied for closure of Alternate Investment Funds being managed by it.*

VI. CSR Details

24. (i)	Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	No*
(ii)	Turnover (in Lakhs.)	112,522.67
(iii)	Net worth (in Lakhs.)	308,971.01

**The Company was not required to spend any amount on CSR activities during the financial year 2023-24 as the Company had average net losses during the preceding three financial years.*

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	-	-	-	-	-	-	-
Investors (other than shareholders)	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	-	-	-	-	-	-	-
Customers	https://www.indostarcapital.com/contact-us	640	19	-	687	2	-
Value Chain Partners	-	-	-	-	-	-	-
Other (please specify)	-	-	-	-	-	-	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	Opportunity	The Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.	-	Positive
2	Data Privacy and Cyber Security	Risk	The Company's technology infrastructure plays a big role in its operations. Most transactions are completed digitally, which raises the risk for cyber and information security like malware attacks and ransomware attacks, can lead to data loss and negative impact on operations.	We have adopted measures to mitigate the cyber security risks included through appropriate firewalls, providing regular advisories, providing training to users, taking adequate backups, review of the information technology assets, etc.	Negative

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Employee Well-being (Health and Safety)	Opportunity	Enables employees to develop health as a personal asset and emphasizes the Company as an organization that prioritizes employee well-being. The Company ensures that all employees are consistently provided with opportunities for empowerment and growth to further promote a culture of innovation and people-centricity. This includes promoting active health management through the health insurance to all the employees of the Company.	-	Positive
4	Corporate Social Responsibility	Opportunity	Corporate Social Responsibility is one of the key areas through which the Company endeavours to give back to society. The core focus areas under Corporate Social Responsibility include health care, education and women empowerment.	-	Positive
5	Branding and Reputation	Opportunity	Enhances credibility and trust among diverse stakeholders and emphasizes the Company's reputation as an ethically managed business.	-	Positive
6	Diversity and Inclusiveness	Opportunity	The Company encourages social inclusion and merit-based engagement of employees, customers, suppliers etc.	-	Positive
7	Regulatory Compliance	Risk	Regulatory Compliance occupies a crucial position in determining the Company's responsibility towards its stakeholders. Any lapse in regulatory compliance can affect the reputation of the Company negatively. The Company has always focused on ensuring that it is fully compliant with all laws and regulatory provisions relating to its operations, which has enabled it to earn the respect of all stakeholders.	Adequate steps have been taken to identify, assess, manage and report all instances of compliance risk across the various levels in the Company. Senior Management plays a crucial role in effective compliance of risk management.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

	Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Policy and management processes									
	a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	NA	Y	Y	Y	Y	NA	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	NA	Y	Y	Y	Y	NA	Y	Y
	c. Web Link of the Policies, if available	https://www.indostarcapital.com/investors-corner#investor-services								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Y	NA	Y	Y	Y	Y	NA	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/ No)	No. However, the Company encourages participation by its business associates and representatives in the Business Responsibility initiatives of the Company.								
4	Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusts) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	NA								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Our Company recognises the importance of predefined goals and commitments as a barometer for assessing the Company's progress towards the principles of the National Guidelines on Responsible Business Conduct (NGRBC). Our Company has already taken short and medium-term initiatives primarily focusing on sustainability. We fully acknowledge the responsibility we have towards our community and intend to set targets and goals in the future reporting cycles. We are taking concerted efforts in anticipating the adverse effects of our business operations and are dedicated towards taking appropriate actions to mitigate the negative implications of ESG-related factors across all our business operations.								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Considering we are in the initial years of implementing the ESG Framework, we anticipate to provide a thorough and extensive update in the upcoming reporting cycles. We look forward to achieving our business targets along with our sustainability goals. Digitisation is being done for various Loans Approval processes to ensure minimum usage of paper. Replaced all the CFL lighting with LED sensor lights at the corporate office.								

Governance, leadership and oversight

7. **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements**

   We take pride in presenting the BRSR Report of our Company IndoStar Capital Finance Limited for the FY 2023-24. Led by a retail focused business model and having a strong liquidity and capital position, we are competitively placed in the industry. The range of services provided by us include vehicle finance, housing finance, SME finance, corporate lending and Micro Loan Against Property. We strongly believe that integrating ESG considerations into our day-to-day decision-making processes are essential towards achieving long term sustainability. The Company is committed to remain compliant with sound corporate governance and risk management practices. Thus, we strive to constantly monitor the impact our operations and investments have on the environment. We are focused on bringing about a meaningful change in the communities.

Towards this end, we work towards supporting initiatives like education, women empowerment, health care, sanitation and environment protection which drive value creation. We extend our support to various organisations in their initiatives towards education, inequity reduction, learning improvement, dropout reduction and psychological support through the Company or its subsidiaries. Woman empowerment is one of our utmost priorities and thus we have contributed to projects which encourage and train women to become professional commercial drivers alongside enhancing their awareness in legal rights, first aid, self-defence, English language, personal presentation, hygiene and financial literacy. We expressly advocate that commitment to corporate governance is essential for delivery of strategic priorities and enhancement of shareholder value. We have also adopted an Anti-Corruption Policy to further affirm the Company's zero-tolerance approach towards corruption and to conduct business in an honest and ethical manner.

We are also committed to employee welfare and provide comprehensive benefits like medical and term insurance. We also conduct various seminars and engagement programmes to encourage the overall well-being of our employees.

Our ultimate goal is to incorporate Environmental, Social, and Governance (ESG) factors in every facet of our business operations to achieve continued success and sustainability while adhering to sound corporate governance practices.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

(a) Details of the Director / Directors responsible for implementation of the BR policy / policies
Name: Mr. Karthikeyan Srinivasan
Designation: Whole-time Director and Chief Executive Officer
DIN: 10056556

(b) Details of the BR head*
Name: Mr. Vinodkumar Panicker
Designation: Chief Financial Officer

**Chief Financial Officer of the Company is the BR Head as per the Company's Internal Policy.*

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, the Board of Directors have constituted an ESG Working Committee with an object to implement and oversee the Business Responsibility Policies. The Committee comprises of Ms. Shikha Jain, Company Secretary and Compliance Officer, Ms. Priya Prasad, Chief Human Resources Officer, Mr. Mihir Bhavsar, Chief Information Security Officer and Mr. K V Bharadwaj, Chief Credit Officer.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee				Frequency (Annually/Half yearly/Quarterly/ any other – please specify)				
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Policies, as stated, have been approved by the Board, it's Committees or the Senior Management of the Company. Policies are reviewed annually considering various parameters like statutory requirements and the frequency as stated in the policy document.								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with all the statutory requirements to the extent applicable.								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

No. All policies and processes are subject to audits and reviews done internally in the Company from time to time.

12. **If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	12	Business strategy, Risk Management System, Regulatory changes, recent developments in operations and IT of the Company, new initiatives taken by the Company, corporate governance and succession planning	100%
Key Managerial Personnel	1	Management Leadership Programme	100%
Employees other than BoD and KMPs	3	POSH training, training on Whistle Blower Policy, training on Anti-Bribery and Corruption and Anti Money Laundering Law	47%
Workers		Not Applicable	

2. **Details of fines/ penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors/ KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

   Please refer section on details on non-compliance under General Disclosure of Report on Corporate Governance which form part of this Annual Report.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

   None.

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   The Company believes in conducting its business in an honest and ethical manner. The Company has a zero-tolerance approach to corruption, is committed to act professionally with integrity in all its business dealings and relationships wherever it operates and to that effect is inclined towards implementing and enforcing effective systems to prevent / counter corruption. Consistent with its core values, the Company is committed to complying with applicable anti-corruption and sanction laws and has adopted an Anti-Corruption Policy. The policy is available on the website of the Company at https://www.indostarcapital.com/wp-content/uploads/2023/09/Anti-Corruption20Policy.pdf.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. **Details of complaints with regard to conflict of interest:**
None

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**
Not Applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payables	NA*	NA*

**Considering the nature of business, cost of goods sold/services procured cannot be ascertained and hence the said ratio cannot be computed.*

9. **Open-ness of business**
Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	Purchases from trading houses as % of total purchases	-	-
	Number of trading houses where purchases are made from	-	-
	Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of Sales	Sales to dealers/ distributors as % of total sales	-	-
	Number of dealers / distributors to whom sales are made	-	-
	Sales to top 10 dealers / distributors as % of total sales to dealers/ distributors	-	-
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	-	-
	b. Sales (Sales to related parties / Total Sales)	-	-
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	0%	0%
	d. Investments (Investments in related parties / Total Investments made)	29%	31%

PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicator

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

(In lacs)

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	-
Capex	28.82	23.24	As the Company is in the financial services sector, CAPEX investments are mostly in information technology. Investments in capital assets in the form of IT infrastructure like equipment and software were made.

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No):** No

   b. **If yes, what percentage of inputs were sourced sustainably?**
   The consumption of resources is limited to running the operations and therefore the Company follows sustainable sourcing practices whenever feasible.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**
   Given that the Company is in the financial services sector, it does not manufacture any products hence this indicator is not applicable to its operations.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicator

1 a. **Details of measures for the well-being of employees:**

Category	100 % of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number E	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	2,947	2,947	100%	2,947	100%	-	-	2,947	100%	-	-
Female	120	120	100%	120	100%	120	100%	-	-		
Total	3,067	3,067	100%	3,067	100%	120	4%	2,947	96%	-	-
Other than Permanent employees											
Male	119	119	100%	119	100%	-	-	119	100%	-	-
Female	7	7	100%	7	100%	7	100%	-	-	-	-
Total	126	126	100%	126	100%	7	6%	119	94%	-	-

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number €	% (E / A)	Number (F)	% (F / A)
Permanent workers											
Male	Not Applicable										
Female											
Total											
Other than Permanent workers											
Male	Not Applicable										
Female											
Total											

c. Spending on measures towards well-being of employees and workers including permanent and other than permanent) in the following format –

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Cost incurred on well- being measures as a % of total revenue of the company	0.57%	0.49%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
Benefits	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	-	Y	100%	-	Y
Gratuity	100%	-	Y	100%	-	Y
ESI	21%	-	Y	20%	-	Y
Others – please specify	Not Applicable					

3. **Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**
Currently, the Company does not have any differently abled employees. However, the shared premises in which corporate offices of the Company are located has necessary provisions for differently abled persons and the Company is committed to take necessary steps to make the work place safe and friendly for differently abled persons as and when the need arises.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**
No, while the Company does not have Equal Opportunity Policy, the Company is committed to treat all employees and job applicants equally.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

	Permanent employees				Permanent workers			
Gender	Return to work	Rate	Return to work	Rate	Return to work	Rate	Return to work	Rate
Male	-	-	-	-	-	-	-	-
Female	2	100%	2	100%	-	-	-	-
Total	2	100%	2	100%	-	-	-	-

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	-
Other than Permanent Workers	-
Permanent Employees	The Company has a Risk Control Unit which gives a platform to raise any concerns pertaining to work by any employee of the Company. Additionally, an employee can also convey his/her grievances to their respective departmental heads. Further, the grievances could also be addressed to the Vigilance and Ethics Officer under Whistle Blower Policy or to chairperson of the Prevention of Sexual Harassment (POSH) committee, as the case may be. Grievances are investigated based on the procedures under each policy and appropriate corrective actions are taken.
Other than Permanent Employees	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**
Though not prohibited, the employees are currently not part of any employee associations.

8. **Details of training given to employees and workers:**

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E/ D)	No. (F)	% (F/D)
Employees										
Male	2,947	-	-	1335	45%	1,963	-	-	623	32%
Female	120	-	-	65	54%	94	-	-	33	35%
Total	3,067	-	-	1,400	46%	2,057	-	-	656	32%
Workers										
Male	Not Applicable									
Female										
Total										

9. **Details of performance and career development reviews of employees and worker:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	2,947	2,031	69%	1,963	1,750	89%
Female	120	102	85%	94	77	81%
Total	3,067	2,133	70%	2,057	1,827	89%
Workers						
Male	Not Applicable					
Female						
Total						

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Given that the Company is in the financial services sector, this indicator is not applicable.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**
Given that the Company is in the financial services sector, this indicator is not applicable. however, the Human Resources team constantly work to ensure the overall health and well being of employees.

c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**
Given that the Company is in the financial services sector, this indicator is not applicable.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**
Yes, the Company provides medical and term insurance for employees of the Company.

11. **Details of safety related incidents, in the following format:**
Given that the Company is in the financial services sector, this indicator is not applicable.

12. **Describe the measures taken by the entity to ensure a safe and healthy work place.**
Given that the Company is in the financial services sector, this indicator is not applicable.

13. **Number of Complaints on the following made by employees and workers:**

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil					
Health and safety						

14. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Not Applicable
Working Conditions	

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**
Given that the Company is in the financial services sector, this indicator is not applicable.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicator

1. **Describe the processes for identifying key stakeholder groups of the entity.**
Individuals or a group of individuals, agencies and institutions who are interested or impacted by the activities of the Company's businesses and vice-versa now or in the future are identified as key stakeholders by the Company. The key stakeholders thus identified are customers, investors, lenders, government, shareholders, regulators, value chain partners, Board of Directors, employees and the society.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Digital platforms and application, in-person engagement at branches	Periodic	To achieve customer satisfaction, grievances resolution, feedback for product customization and customer relationship management

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors/ Shareholders	No	Press releases and publications, Investor meets, Annual General Meeting, SMS and Email Communication, Stock exchange communication, Website disclosures, Through RTA (Registrar and Transfer Agent)	Quarterly	To inform about the Company's performance, business developments, address investor queries and general updates
Lenders	No	Press releases and publications, Investor meets, Stock exchange communication, Website disclosures	Periodic	To inform about the Company's performance, business developments and to address queries
Regulators	No	Statutory filings, meetings	Periodic	To achieve compliance with statutory requirements and industry updates
Value chain Partners	No	E-mails, Meetings, Training Programs	Periodic	To achieve an understanding of the portfolio of services offered by the business
Employees	No	Emails and meetings, Internal portals, Employee satisfaction survey, Training programmes, Performance appraisal, Grievance redressal mechanisms	Periodic	To provide a safe and secure work environment and merit-based opportunities towards fulfilment of the Company's vision, mission and achieving sustainability objectives and for professional capacity building

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	Please refer note below					
Other than permanent						
Total Employees						
Workers						
Permanent	Not Applicable					
Other than permanent	Not Applicable					
Total Workers	Not Applicable					

Note: The Company through its Code of Conduct for Directors and Employees mandates every employee of the Company to work honestly, ethically and with integrity and requires every employee to follow principles of mutual respect, privacy, equal opportunities and non-discrimination, health and safe environment and prevention of sexual harassment.

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C/ A)		No. €	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	2,947	-	-	2,947	100%	1,963	-	-	1,963	100%
Female	120	-	-	120	100%	94	-	-	94	100%
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3. **Details of remuneration/salary/wages,**

a. **Median remuneration / wages:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	1	21,500,000	-	-
Key Managerial Personnel	1	12,780,800	1	1,354,100
Employees other than BoD and KMP	2,945	462,211	120	551,150
Workers	Not Applicable			

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Gross wages paid to females as % of total wages	4%	4%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Grievances related to human rights can be raised with the respective Head of the Department. Further, grievances could also be addressed to the Chairman of Audit Committee under whistle blower policy or to Chairperson of the Prevention of Sexual Harassment (POSH) Committee, as the case may be. Grievances are investigated based on the procedures under each policy and appropriate corrective actions are taken.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	-
Complaints on POSH as a % of female employees / workers	0.83	-
Complaints on POSH upheld	1	-

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**
The whistle blower policy and the Code of conduct include relevant clauses that no harm will be caused to the complainant in case of discrimination and harassment cases. The mechanism also provides for adequate safeguards against victimization of complainants.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**
No.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	Nil
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Other human rights related issues	

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**
Nil

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicator

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24	FY 2022-23
From renewable resources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	-	-
From non-renewable sources	-	-
Total electricity consumption (D)	2,048,694.00	1,536,383.19
Total fuel consumption (E)	-	-
Energy consumption through other sources (F)	-	-
Total energy consumed from non- renewable sources (D+E+F)	2,048,694.00	1,536,383.19
Total energy consumed (A+B+C+D+E+F)	2,048,694.00	1,536,383.19
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	-	-
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	-	-
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

3. **Provide details of the following disclosures related to water, in the following format:**
   The Company's usage of water is limited to employees' and visitors' consumption only. Given that most offices/ branches of the Company are present in shared premises, total freshwater consumption is not accounted. Efforts have been made to ensure that water is consumed judiciously in the office/ branch premises.

4. **Provide the following details related to water discharged.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**
   Given that the Company is in the financial services sector, this indicator is not applicable.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**
   Given that the Company is in the financial services sector, this indicator is not applicable.

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

9. **Provide details related to waste management by the entity, in the following format:**
   As the Company is in the financial services sector, it does not manufacture any products hence this indicator is not applicable to its operations.

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**
    As the Company is in the financial services sector it does not generate any hazardous and toxic chemicals due to nature of its business. However, we take appropriate steps to reduce the negative implications that waste generation can have on our environment in the following ways:-

    - Paper – Most of our processes are digitalized to avoid use of paper. In addition, shredded paper is also recycled. Additionally, 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.
    - E-waste – LED lights are installed instead of conventional lights, which reduce the harmful effects of mercury as well as the negative impacts on health and environment.
    - Plastic – The Company has reduced the usage of plastic items to the extend viable and opts to use glass items instead.
    - Water – The Company promotes conscious use of water and encourages employees to be conscious users as well.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**
    Given that the Company is in the financial services sector, this indicator is not applicable.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**
    Given that the Company is in the financial services sector, this indicator is not applicable.

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**
    The Company is in compliance with environmental norms which are applicable to the nature of its business.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicator

1. a. **Number of affiliations with trade and industry chambers/ associations.**
   Nil

2. b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
	Not Applicable	

3. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**
   Nil

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicator

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**
   Given that the Company is in the financial services sector, this indicator is not applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**
   We would like to inform that our Company hasn't received any grievances from the communities in which we carry on business operations. However, we have sound processes in place and will actively strive to implement an efficient and effective community grievance redressal mechanism should we receive any grievances in the near future.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**
   As a financial services organisation, the Company does not require any substantial input material to conduct financial service business.

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Metro	65%	69%
Urban	28%	25%
Semi-urban	6%	5%
Rural	1%	1%
Grand Total	100%	100%

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

Essential Indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**
   Customer complaints are received in 3 ways:-
   1. Direct customer complaints received in CRM
   2. Escalations via email to PNO
   3. RBI & CP Grams Complaints received via CMS portals.
      All these complaints are addressed via the respective channels. In case of RBI complaints, the concerned Branch/Operations/Legal/Collections team are informed along with relevant Senior Management personnel. The status of the loan, subject matter of complaint and communications exchanged in this regard are collated and replies are sent to the customers/regulatory bodies along with relevant documentary evidences.

      There is no separate mechanism for feedback monitoring as of now. In case the customer is not satisfied with our revert/resolution, they write back to us seeking further processing/clarification.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**
   Transparency and fairness in dealings with customers is followed across the Company. None of the products withhold any relevant information needed by the customers to make informed decisions.

3. **Number of consumer complaints in respect of the following:**
   Nil

4. **Details of instances of product recalls on account of safety issues:**
   Nil

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**
   Yes.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**
   There were no corrective actions taken as there were no issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.

7. **Provide the following information relating to data breaches:**
   a. Number of instances of data breaches: Nil

   b. Percentage of data breaches involving personally identifiable information of customers: Nil

   c. Impact, if any, of the data breaches: Nil

Report on Corporate Governance

Corporate governance is about commitment to values and ethical business conduct. It is also about how an organization is managed viz., its corporate and business structure, culture, policies, and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial position of the Company, performance and ownership forms part of the corporate governance.

I. 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. At a macro level, your Company's governance philosophy rests on five basic tenets, viz., Board accountability to the Company and Members, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all Members and transparency and timely disclosures.

The Corporate Governance framework of your Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

The Company has adopted a Code of Conduct for its directors and employees including the Chief Executive Officer, Whole-time Directors and Non-Executive Directors. In addition, the Company has adopted a Code of Conduct for Independent Directors that suitably incorporates the duties of Independent directors as laid down in the Companies Act, 2013 ("the Act").

The Company believes in conducting its business in an honest and ethical manner. The Company has a zero-tolerance approach to corruption and is committed to act professionally with integrity in all its business dealings and relationships wherever it operates and to that effect is inclined towards implementing and enforcing effective systems to prevent / counter corruption. Consistent with its core values, the Company is committed to complying with applicable anti-corruption and sanction laws and has adopted an Anti-Corruption Policy.

The Company has in place various Information Security related policies that ensure proper utilization of IT resources and security of the data of the Company.

The details of compliance with the requirements stipulated under Chapter IV read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI Directions") with respect to corporate governance are as follows:

II. BOARD OF DIRECTORS

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 Board is a blend of members having diverse skills, experience, knowledge, capabilities, expertise, attributes and educational qualifications, amongst others. The composition of the Board comprises highly experienced and knowledgeable persons with good repute and eminence. It has a diverse mix of executive, non-executive and independent directors representing an optimal mix of professionalism, knowledge and experience required for the financial services industry. The corporate governance principles of your Company have been formulated to ensure that the Board of Directors remain informed, independent and participate actively in the affairs of your Company.

In addition to the basic governance practices, the Board of Directors of your Company lays a 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.

A. Composition of the Board

Your Company recognises and embraces the importance of diverse culture of the Board. The Company believes that the Board enhances the quality of the decisions made by it, which is necessary for achieving desired objectives and sustainable results.

As on March 31, 2024, the Board of Directors of your Company comprised 8 Directors of which 3 were Non-Executive Independent Directors of whom one was a Woman Director, 4 were Non-Executive Non-Independent Directors and 1 was an Executive Director. 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"), Regulation 17 of the Listing Regulations, RBI Directions and the Articles of Association of the Company. In terms of the provisions of the Act and Listing Regulations, the Directors submit necessary disclosures regarding the positions held by them on the Board and/ or Committees of other Companies, from time to time.

On the basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors: -

a) hold Directorships in more than 10 (Ten) public Companies;

b) hold Directorships in more than 7 (Seven) listed entities;

c) serve as an Independent Director in more than 7 (Seven) listed entities;

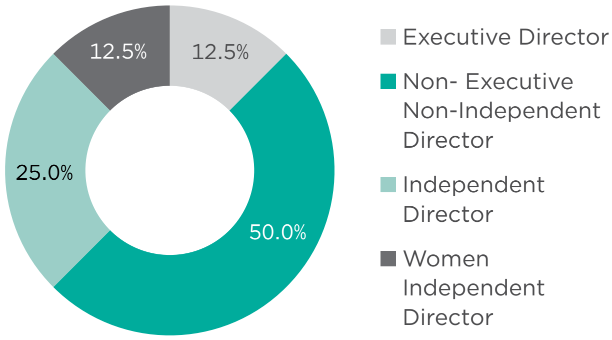
d) is a Member of more than 10 (Ten) Committees or Chairperson of more than 5 (Five) Committees (i.e. Audit and Stakeholders Relationship Committee) across all the public Companies in which he/she is a Director; and

e) are related to each other.

The brief profile of the present Directors on the Board is available on the Company's website at https://www.indostarcapital.com/about-us/

Based on the disclosures received from the Directors, Non-Executive Directors do not hold any shares/ Non-Convertible Debentures of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

Composition as on March 31, 2024



The details of the Directors of the Company with regard to their outside Directorships, Committee positions, including that in listed entities, as on March 31, 2024 are as follows:

Name of Director	Category in the Company	No. of outside Directorship(s) held *	Committee positions held@		Names of other listed entities where Director holds Directorship (excluding the Company and the category of directorship held in such other listed entity)#	Number of equity shares held in the Company as on 31 March 2024
			Member	Chairperson		
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	6	5	3	Infosys Limited (Independent Director) Biocon Limited (Independent Director)	-
Mr. Dhanpal Jhaveri	Non-Executive Director	7	3	-	Onward Technologies Limited (Independent Director)	1,000*
Mr. Hemant Kaul	Non-Executive Independent Director	10	3	2	Transcorp International Limited (Independent Director)	-
Ms. Naina Krishna Murthy	Non-Executive Independent Director	3	3	-	Sterling and Wilson Renewable Energy Limited (Independent Director) Den Networks Limited(Independent Director)	-
Mr. Vibhor Kumar Talreja	Non-Executive Director	4	3	-	-	-
Mr. Aditya Joshi	Non-Executive Director	1	-	-	-	-
Mr. Devdutt Marathe	Non-Executive Director	-	-	-	-	-

Name of Director	Category in the Company	No. of outside Directorship(s) held *	Committee positions held@		Names of other listed entities where Director holds Directorship (excluding the Company and the category of directorship held in such other listed entity)#	Number of equity shares held in the Company as on 31 March 2024
			Member	Chairperson		
Mr. Karthikeyan Srinivasan	Whole-Time Director (Chief Executive Officer)	-	-	-	-	100
Mr. Randhir Singh**	Whole- Time Director (Executive Vice Chairman)	-	-	-	-	-

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

 # Listed entities includes entities whose equity shares are listed on a recognised stock exchange(s).

@ Includes membership(s) and chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee in all public limited companies. If a Director is a Chairman of a Committee, the same is being included in Membership count also

*** Mr. Randhir Singh has been appointed as an Whole-Time Director and Executive Vice Chairman effective from 22 July 2024.*

Skills / Expertise / Competencies of the Board of Directors

The diverse skills, expertise and competencies of Board of Directors ensures that the Company retains its competitive advantage. 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. 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 names of directors who have the above skills / expertise / competencies are as follows:

Name of Director	Category	Skills/expertise/expertises/competencies
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers /Amalgamations
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE / VC investment
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare,Technology and Consumer
Mr. Munish Dayal#	Non-Executive Director	Private Equity,Business Management, Financial Services,Technology and Commercial Real Estate
Mr. Devdutt Marathe*	Non-Executive Director	Private Equity, Financial Services, Healthcare and technology services
Mr. Karthikeyan Srinivasan	Whole-Time Director (Chief Executive Officer)	Retail sales, client servicing, Financial services & banking, Financial product management
Mr. Randhir Singh**	Whole-Time Director (Executive Vice Chairman)	Financial Services - Banking and Non Banking Finance Sector

 # Mr. Munish Dayal- Resigned as the director of the Company effective from September 8, 2023.

**Mr. Devdutt Marathe- Appointed as the director of the Company effective from Spetember 8, 2023.*

***Mr. Randhir Singh- Appointed as the director of the Company effective from July 22, 2024.*

Formal induction and familiarisation programme for directors

The Company's independent directors are eminent professionals with several decades of experience in banking and financial services industry, technology, finance, governance, risk management, analytics, data science and management areas and are fully conversant and familiar with the business of the Company. The Company has an ongoing familiarisation programme for all directors with regard to their roles, duties, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The programme is embedded in the regular meeting agenda where alongside the review of operations, information on the industry, competition and company strategy are presented on a quarterly basis. The details of the familiarisation programme attended by directors are available on the website of the Company.

As part of the initial familiarisation programme, a formal letter of appointment is being issued by the Company to the independent directors outlining the role, functions, duties and responsibilities of the independent directors being appointed. The Terms & Conditions of appointment of the independent directors is available on the website of the Company at https://www.indostarcapital.com/investors-corner/.

Further, there is a detailed quarterly discussion and presentation on review of operations of the Company and the regulatory updates impacting the business which helps the director familiarize himself / herself with the Company, its business, and the regulatory framework in which the Company operates.

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.

Certificate from Company Secretary in Practice

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, 2024 have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

B. Board meetings and Board procedure

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional Meetings are held to address specific needs and business requirements of your Company. The information as required under Schedule V (c) of the SEBI Listing Regulations is made available to the Board.

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

During the year under review, 12 (Twelve) meetings of the Board of Directors were convened and held on April 13, 2023, May 25, 2023, July 4, 2023, August 02, 2023, August 21, 2023, October 27, 2023, December 26, 2023, December 29, 2023, January 08, 2024, January 24, 2024, February 27, 2024 and March 27, 2024. 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.

Meetings and attendance during the financial year under review:

Date of Board Meeting	Board Strength	No. of Directors Present
13 April 2023	8	6
25 May 2023	8	5
4 July 2023	8	6
2 August 2023	8	7
21 August 2023	8	6
27 October 2023	8	6
26 December 2023	8	6
29 December 2023	8	6
8 January 2024	8	6
24 January 2024	8	6
27 February 2024	8	7
27 March 2024	8	5

The details of attendance of each Director at the Board Meetings held during the financial year under review and at the previous Annual General Meeting ("AGM") of the Company held on September 18, 2023 through virtual mode are as under:

Name of the Directors	No. of Meetings held during tenure of directorship	No. of Meetings attended	Attendance at the previous AGM
Mr. Bobby Parikh	12	12	Yes
Mr. Dhanpal Jhaveri	12	4	Yes
Mr. Hemant Kaul	12	9	Yes
Ms. Naina Krishna Murthy	12	6	No
Mr. Vibhor Kumar Talreja	12	7	No
Mr. Aditya Joshi	12	11	No
*Mr. Devdutt Marathe	7	6	Yes
Mr. Karthikeyan Srinivasan	12	12	Yes
**Mr. Munish dayal	5	5	NA
***Mr. Randhir Singh	NA	NA	NA

** Mr. Devdutt Marathe appointed as Member from 8 September 2023*

*** Mr. Munish Dayal ceased to be a Director from September 8, 2023*

****Mr. Randhir Singh appointed as Member from 22 July 2024*

Twelve Resolutions by circulation were passed by the Board during the year 2023-2024

The Board and committee meetings are pre-scheduled and tentative dates of the said meetings are informed well in advance to facilitate the directors to plan their calendar. The Board meets at least once in a quarter to review financial results and operations of the Company. In addition, the Board also meets at regular interval in a year to consider, discuss and decide the business strategy including policy matters and gaining the understanding of various businesses carried on by the subsidiaries of the Company.

The Board has unrestricted access to all Company related information including to the members of the management. The Company Secretary ensures that the Board and the committees of the Board are provided with the relevant information, details and documents required for decision making. All material information including the relevant information as stipulated in Part A of Schedule II of the SEBI Listing Regulations is circulated to the Board as part of the agenda. The information, in the nature of Unpublished Price Sensitive Information, is circulated to the Board/committee members at a shorter notice on secured platform, with the unanimous consent of the Board obtained at its first meeting held during each financial years.

In order to facilitate effective discussions, the agenda is bifurcated into items requiring consideration and approval and items which are to be noted by the Board.

Detailed presentations and notes are laid before each meeting, by the management and senior executives of the Company to apprise the Board on overall performance on quarterly basis. The senior executives/management of the Company are also invited to attend the meetings to make presentations on business plans, business performance, operations, financial performance, risk management, update on regulatory changes applicable to the Company and its subsidiaries and to provide update on other significant issues and matters to the Board on a periodical basis. Additionally, the Board members interact with the CEOs/business heads of respective subsidiary companies for clarification/information, as and when required. These processes provide opportunity to the Board/committee members to interact with the members of the management.

The Board is provided with all the information in a timely manner in order to discharge its duties and to take well informed decisions.

The Company Secretary attends all the meetings of the Board and its committees and is, inter alia, responsible for recording the minutes of such meetings. The draft minutes of the meetings of the Board and its committees are sent to the Board/committee members for their comments in accordance with the Secretarial Standard on meetings of the Board of Directors (**the "SS-1"**), issued by the Institute of Company Secretaries of India. Suggestions, if any, received from the Board/committee members are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board/committee.

Thereafter, the minutes are entered in the minutes book within the prescribed time limit.

Succession Planning

Succession planning is an essential component for the survival and growth of any business as it ensures continuity of business process. It provides a way to identify key roles, people with the right skills/talent and filling up the vacancy, as and when required.

The Company's succession planning framework deliberates on various factors including current tenure of Directors, anticipated vacancies in key Board and Senior Management positions, assessment of skills including skill-gaps, diversity, etc., to ensure orderly succession planning.

C. Independent Directors

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promotes confidence of the investment community, particularly minority shareholders and regulators in the institution of Independent directors. As on March 31, 2024, the Board of your Company consisted of 3 (three) Independent Directors.

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

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

D. Separate meeting of Independent Directors

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 26, 2024 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

At their meeting, the Independent Directors reviewed the performance of the non-independent directors and the Board as a collective entity. The Independent Directors also reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors of the Company. The Independent directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

As required under the SEBI Listing Regulations, the Company has Directors and Officers Liability Insurance (D&O Policy) which is renewed every year. It covers directors including independent directors of the Company and of its subsidiaries

E. Performance evaluation of the Board

A formal mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, amongst others, providing strategic perspective, time devoted and preparedness for Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision making ability, role and effectiveness of Committees, etc. The Directors duly completed and submitted the questionnaires providing feedback on functioning of the Board as a whole, Committees and Chairman of the Board.

Further details are mentioned in the Board's Report.

F. Code of Conduct for Board Members and Senior Management

In compliance with Regulations 17(5) and 26(3) of the SEBI Listing Regulations, the Company has adopted a Code of Conduct for the Board Members and Senior Management of the Company ("the Code"). The Code is applicable to all the Board Members and Senior Management of the Company. The Code is available on your Company's website at https://www.indostarcapital.com/investors-corner/#investor-relations .

All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review and a declaration to that effect signed by the Chief Executive Officer of the Company forms a part of this Annual Report.

III. COMMITTEES OF THE BOARD

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by the SEBI, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors have 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 have 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.

Committees Overview

As per Companies Act, 2013 and Listing Regulations

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee

As per RBI Directions

- Asset Liability Management Committee
- Grievance Redressal Committee
- IT Strategy Committee

As per the Company's internal corporate governance

- Credit Committee
- Borrowing Committee
- Internal Complaints Committee
- Banking Committee
- Management committee
- IT Steering Committee
- Corporate lending committee
- Retail lending committee
- ESG Working Committee
- Disciplinary Committee
- Debt - Public Issue Committee

AUDIT COMMITTEE

Composition, Meetings and Attendance

The Audit committee consists of four (4) members, 3 (three) of whom are non-executive independent directors and Chairman of the Audit Committee is an independent Director thereby meeting the requirements of Section 177 of the Act read with rules thereto and Regulation 18 of the Listing Regulations. All the members of the Audit committee are financially literate and possess relevant knowledge of the financial services industry.

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

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 6(Six) times on May 18, 2023, May 25, 2023, August 02, 2023, August 21, 2023, October 27, 2023 and January 24, 2024 . 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 18, 2023.

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 held during tenure of membership)	No. of Meetings attended
Mr. Bobby Parikh	Chairman	6	6
Mr. Hemant Kaul	Member	6	3

Name of the Members	Status	(No. of Meetings held during tenure of membership)	No. of Meetings attended
Ms. Naina Krishna Murthy	Member	6	5
Mr. Aditya Joshi	Member	6	6

Ms. Shikha Jain acts as the secretary of the Audit Committee

Terms of reference

The terms of reference of the Audit Committee inter-alia includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and internal auditor, remuneration and terms of appointment of statutory auditor and internal auditor.
3. Approve payment to statutory auditors for any other services rendered by them.
4. Discussion with statutory auditors and internal auditors before the audit commences, about the nature and scope of audit as well as internal control systems and post-audit discussion to ascertain any area of concern.
5. To formulate in consultation with the internal auditors, the scope, functioning, periodicity and methodology for conducting an internal audit.
6. Reviewing and examination, with the management, of the annual financial statements and the auditors' report thereon before submission to the board for approval, with particular reference to:
7. Matters required to be included in the Director's Responsibility Statement and other disclosure(s) to be included in the Board's Report in terms of the Companies Act, 2013;
8. Changes, if any, in accounting policies and practices and reasons for the same;
9. Major accounting entries involving estimates based on the exercise of judgment by management, if not in accordance with agreed accounting policies;
10. Significant adjustments made in the financial statements arising out of audit findings;
11. Compliance with listing, legal, regulatory and other requirements relating to financial statements;
12. Disclosure of any related party transactions;
13. Modified opinion(s) in the draft audit report;
14. Observations of the auditors and qualifications in the draft audit report.
15. Scrutiny of inter-corporate loans and investments.
16. Valuation of undertakings or assets of the company, wherever it is necessary.
17. Evaluation of internal financial controls and risk management systems.
18. Reviewing with the management, the quarterly, half-yearly and annual financial statements / financial results before submission to the Board for approval.
19. To review the utilisation of loans/advances/ investments to subsidiary company(s) exceeding 100 crore or 10% asset size of subsidiary, whichever is lower, including existing loans/advances/investments.
20. Review the financial statements of the unlisted subsidiary in particular the investments made by the unlisted subsidiary.
21. Reviewing and monitoring with the management the auditor's independence, performance and effectiveness of audit process.
22. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
23. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
24. Discussion with internal auditors on any significant findings and follow up there on.
25. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

26. Review and oversee the functioning of the whistle blower / vigil mechanism of the company.

27. Implement, review and monitor, with the management, the functioning and compliance of relevant policies of the company as authorised by the Board.

28. Look into the reasons for substantial defaults in the payment to the debenture holders, borrowers, shareholders (in case of non-payment of declared dividends) and creditors.

29. Approval, ratify or any subsequent modification of transactions of the company with related parties. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under Companies Act, 2013 and rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

30. Carrying out any other function or matters incidental to the terms of reference of the Audit Committee.

31. The Audit Committee shall have authority to investigate into any matters in relation to the items specified herein or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company, seek information from any employee, obtain external legal or professional advice and secure attendance of outsiders with relevant expertise, if necessary.

32. Review with the management on quarterly basis (i) the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.); (ii) the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice (as certified by the statutory auditors) and (iii) the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter, till such time that the full money raised through the issue has not been fully utilised.

33. To do all such acts as required under Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank), Directions 2016 and under the Policy adopted by the Board in this regards.

34. To ensure that Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

35. Approve the appointment of chief financial officer after assessing the qualifications, experience and background.

36. Audit Committee shall mandatorily review the following information:

37. management discussion and analysis of financial condition and results of operations;

38. statement of significant related party transactions (as defined by the audit committee), submitted by management;

39. internal audit reports relating to internal control weaknesses.

40. the appointment, removal and terms of remuneration of the chief internal auditor.

41. Statement of deviations.

42. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

43. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

44. Approve the appointment of Registered Valuers in terms of Section 247 of the Companies Act, 2013.

45. To review the reconciliation of transactions between the Company and the service provider and / or its sub-contractor and an ageing analysis of entries pending reconciliation with outsourced vendors in terms of Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs issued by the Reserve Bank of India.

46. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations prescribed by the competent authorities or authorized by the Board of Directors and to delegate any of the powers / authority to such persons as the Committee may deem necessary.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

The Nomination and Remuneration committee (the "NRC") consists of Three (3) members, two (2) of whom are independent directors thereby meeting the requirements of Section 178 of the Act read with rules thereto and Regulation 19 read with Part D of Schedule II of the Listing Regulations and RBI Directions.

The NRC comprises Mr. Bobby Parikh, Mr. Aditya Joshi and Mr. Hemant Kaul. In terms of the Act and the Listing Regulations, two-third of the Members of the NRC are Independent Directors and Chairman is an Independent Director. Mr. Hemant Kaul, Independent Director is the Chairman of the Nomination and Remuneration committee.

During the year under review, the NRC met 6 (six) times on April 13, 2023, April 18, 2023, May 17, 2023, August 02, 2023, October 23, 2023 and January 22, 2024. The required quorum was present at all the above Meetings. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on September 18, 2023 . Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time. During the year under review three resolutions were passed through circular resolution.

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

Name of the Members	Status	(No. of Meetings held during tenure of membership)	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	6	6
Mr. Bobby Parikh	Member	6	6
Mr. Aditya Joshi	Member	6	6

Ms. Shikha Jain acts as the Secretary to the Nomination and Remuneration Committee.

Terms of reference

The terms of reference of the NRC inter-alia includes:

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
2. To formulate and implement the criteria for determining qualification, positive attributes and independence of director(s) and criteria for the persons that can be appointment in senior management.
3. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend to the Board such a person for appointment as an independent director who shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates
4. To formulate the criteria / manner for carrying out effective evaluation of the performance of Director, Board and its Committee and to review its implementation and compliance.
5. To determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors.
6. To devise a policy on Diversity of Board of Directors.
7. To recommend to the Board Remuneration Policy, relating to the remuneration for the directors, key managerial personnel, Senior Management and other employees.
8. Decide on specific remuneration packages (including pension rights and compensation payments) of the executive directors, the whole time directors and senior level employees of the Company.
9. Determine, alter and vary the terms and conditions of remuneration of the managerial personnel of the Company.
10. Consider and decide on all the matters relating to the remuneration of non-executive

directors (including independent directors) and recommend the same to the Board of Directors.

11. Formulation of Succession policy and Succession plan for Executive Vice Chairman, Managing Director and CEO, Key Managerial personnel and Senior Management Personnel.

12. To work in close coordination with Risk Management Committee of the Company to achieve effective alignment between compensation and risks to ensure that the compensation outcomes are symmetric with risk outcomes.

13. To ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).

14. To approve allocation of a bonus pool, payment of bonus (variable pay) to employees, revision / increment in salaries of employees and promotion of employees.

15. To administer, supervise, decide on the grant, issue, price, vesting of stock options, stock purchase or any similar scheme and the benefits to be given to beneficiaries by the Company or under the employee trust formulated or to be formulated.

16. Framing suitable policies and procedures to ensure that there is no violation, by an employee, or the Company or the Trust, if any, of securities laws (as amended from time to time), including but not limited to:

    i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including any amendments thereto or re-enactments thereof); or

    ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (including any amendments thereto or re-enactments thereof).

17. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("ESOP Regulations"), in particular, those stated in Clause 5 of the ESOP Regulations:

i. Formulation of the schemes including determining the detailed terms and conditions of the schemes in accordance with ESOP Regulations (as amended from time to time);

ii. Determine the number of shares to be offered and/ or allotted, to each Employee and in the aggregate, and the times at which such offer / allotment shall be made;

iii. Determine the Eligible Employee(s);

iv. Determine the performance criteria for eligible employees and the price at which the shares to be offered to each Eligible Employee;

v. Lay down the conditions under which offer and/or allotment of shares to the Employees may lapse in case of termination of employment for misconduct, resignation by the employees etc;

vi. Determine the Subscription Period within which the Employee should apply for the shares offered and the implications of failure to apply for the same within the subscription Period;

vii. Specify and modify the conditions including the time period within which the Employee shall apply in the event of termination or resignation of an Employee or under such circumstances as it deems appropriate in the interest of the objectives of the Scheme;

viii. lay down the procedure for making a fair and reasonable adjustment to the number of shares and to the Subscription Price in case of rights issues, bonus issues and other Corporate Action;

ix. Lay down the method for satisfaction of any-tax obligation arising in connection with such Shares;

x. Provide for award and allotment of shares in case of Employees who are on long leave or whose services have been seconded to any other company or who have joined any other Subsidiary or other company at the instance of the Employer Company;

xi. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;

xii. Determine the number of shares to be offered and/ or allotted, to each Employee and in the aggregate, and the times at which such offer / allotment shall be made.

18. Implement, administer, review and superintendent the employee stock option schemes formulated by the Company and to do all other acts, deeds and things as may be required to be undertaken towards giving effect to such schemes including but not limited to:

19. Construe, clarify and interpret the terms of the scheme and options granted pursuant to the scheme;

20. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;

21. To make such modifications / alterations in the scheme which are not detrimental to the options holders;

22. Determining the Employee(s) to whom the shares were to be offered under such Schemes;

23. Determining the mechanism through which such Schemes should be implemented;

24. Determining the terms and conditions of the offer to the Employees with a focus on such Schemes being made attractive in terms of the reward together with ensuring that the Employees are retained for a long tenure;

25. Determining the nature of activities that are to be considered for the Trust, if any, set up for Welfare of the Employees, including for the implementation of such Schemes;

26. Determining the terms of the allotment and to allot equity shares of the Company under such Schemes including the amount payable on application and/or on allotment, whether towards the face value and/ or towards the share premium;

27. To undertake a process of due diligence to determine the 'fit and proper' person status of existing / proposed Directors, in accordance with the Policy adopted by the Board in this regard and applicable laws.

28. To obtain a declaration from existing Directors every year as on 31st March that the information already provided by them under Fit & Proper Person Criteria has not undergone any change and where there is any change, requisite details are furnished by the Directors forthwith.

29. To recommend the suitable change(s), if required to the Board of Directors of the Company.

30. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Committee.

31. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company and as may be delegated by the Board from time to time.

32. To delegate to the officials / any Committee such powers of the Committee as may be deemed fit by the Committee.

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The Risk Management Committee ("RMC") has been constituted pursuant to the provisions of Regulation 21 of the Listing Regulations and RBI Master Directions, to frame, implement and monitor the risk management plan of the Company.

The RMC comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan, Mr. Vibhor Kumar Talreja, Mr. Devdutt Marathe, Mr. Vinod Kumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, Mr. Munish Dayal ceased to be Member and Mr. Devdutt Marathe was appointed as Member of the Committee.

During the year under review, the RMC met 5(five) times on May 17, 2023, June 22, 2023, August 02, 2023, October 23, 2023 and January 17, 2024. 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. Durng the year under review nine resolutions were passed through circular resolution.

Meetings with Chief Risk Officer - During the year under review, in line with the requirements of RBI Directions, the Committee had separate meetings every quarter with Chief Risk Officer of the Company without the presence of the Chief Executive Officer & Whole-Time Director.

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 held during tenure of membership)	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	5	4
Mr. Vibhor Kumar Talreja	Member	5	4
*Mr. Munish Dayal	Member	3	2
Mr. Karthikeyan Srinivasan	Member	5	5
Mr. Vinod Kumar Panicker	Member	5	5
^Mr. Nitin Gyanchandani	Member	3	3
**Mr. Devdutt Marathe	Member	2	2

**Mr. Munish Dayal ceased to a Member from September 8, 2023*

^Mr. Nitin Gyanchandani Appointed as a Member from August 2, 2023

***Mr. Devdutt Marathe Appointed as a Member form September 8, 2023*

Ms. Shikha Jain acts as the Secretary to the Risk Management Committee.

Terms of reference

The terms of reference of the RMC inter-alia includes:

1. Identifying, monitoring and managing the credit risk, market risk, operational risk and other risks of the Company including risks associated with Cyber Security.
2. Providing an integrated view of the risks to the Company and issue specific directives to the respective departments or the business groups for necessary action.
3. Designing Risk Management Policies and MIS framework for integrated risk management in the Company, after taking into account the following:
    i. The Company's overall business strategy, lines and changes in the business and operating environment;
    ii. Appropriateness to the size, nature and complexity of the transactions entered into by the Company;
    iii. Issues relating to safety, liquidity, prudential norms, exposure limits;
    iv. Quality of internal control procedures;
    v. The sophistication of the Company's risk monitoring capability, risk management systems and processes;
    vi. Risk management policy shall, inter alia, include the following:
        a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
        b. Measures for risk mitigation including systems and processes for internal control of identified risks;
        c. Business continuity plan.
4. Overseeing the execution / implementation of the Risk Management Practices by various executives outlined in the policies approved by the Committee.
5. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
6. Review the minutes or document referred to it by ALCO for opinion/directions for risk management on an integrated basis.
7. The Risk Management Committee shall be the final authority for resolving any transactions that are proposed to be entered into by the Company that have a potential for a conflict-of-interest in the assessment by the members of the Credit Committee.
8. To periodically review Risk Management Framework and Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
9. To review of appointment, removal and terms of remuneration of the Chief Risk Officer.
10. To reviewing the material outsourcing arrangements and vendor/ service provider performance atleast annually.
11. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.

12. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company.

13. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

The Corporate Social Responsibility Committee ("CSR") has been constituted pursuant to the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended.

The CSR Committee comprises Ms. Naina Krishna Murthy, Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Karthikeyan Srinivasan and Mr. Devdutt Marathe.

During the year under review, Mr. Munish Dayal ceased to be Member and Mr. Devdutt Marathe was appointed as Member of the Committee.

Since the Company was not required to spend any amount towards CSR activities as required under Section 135 of the Act during the year under review, no meeting was held of the CSR Committee.

Composition of CSR Committee is as under:

Name of the Members	Status
Ms. Naina Krishna Murthy	Chairman
Mr. Bobby Parikh	Member
Mr. Dhanpal Jhaveri	Member
Mr. Karthikeyan Sriniavsan	Member
*Mr. Munish Dayal	Member
**Mr. Devdutt Marathe	Member

**Mr. Munish Dayal ceased to a Member from September 8, 2023*

***Mr. Devdutt Marathe appointed as a Member from September 8, 2023*

Terms of reference

The terms of reference of the CSR Committee inter-alia includes:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;

2. Recommend the amount to be spent on CSR activities;

3. Review and monitor the Company's CSR Policy periodically;

4. To ensure that the activities as are included in CSR Policy are undertaken by the Company;

5. Institution of transparent monitoring mechanism for the implementation of CSR Projects (Rule 5 (2) of the Companies (Corporate Social Responsibility Policy) Rules 2014);

6. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE ("SRC")

Composition, Meetings and Attendance

The Stakeholders Relationship Committee ("SRC") has been constituted pursuant to the provisions of Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the Listing Regulations

The SRC comprises Mr. Dhanpal Jhaveri, Mr. Karthikeyan Srinivasan, Ms. Naina Krishna Murthy, Mr. Devdutt Marathe and Mr. Bobby Parikh. Ms. Shikha Jain acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, Mr. Munish Dayal ceased to be Member and Mr. Devdutt Marathe was appointed as Member of the Committee.

During the year under review, the SRC met once on May 17, 2023. The requisite quotum was present at the said meeting.

Composition of the SRC 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 held during tenure of membership)	No. of Meetings attended
Mr. Dhanpal Jhaveri	Chairman	1	0
Mr. Bobby Parikh	Member	1	1
Ms. Naina Krishna Murthy	Member	1	0
*Mr. Munish Dayal	Member	1	1
Mr. Karthikeyan Srinivasan	Member	1	1
**Mr. Devdutt Marathe	Member	-	-

** Mr. Munish Dayal ceased to be a Member from September 8, 2023*

***Mr. Devdutt Marathe appointed as a Member from September 8, 2023*

Terms of Reference

The terms of reference of the SRC inter-alia includes:

1. To oversee, review and monitor redressal of the grievances of shareholders, debenture holders, investors and other security holders including credit of securities, non-receipt of allotment advice/ share certificates, refund of application money, transfer of securities, non-receipt of annual report, non-receipt of dividends declared / interests or any other grievances a shareholder, debenture holder, investor and other security holder may have against the Company.

2. To approve / review / refuse transfer / transmission / dematerialisation / rematerialisation of shares, debentures and other securities, if any, in timely manner.

3. To issue share certificates, duplicate / split / consolidation share certificates and share certificates in replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized.

4. To oversee the performance of the registrar and transfer agents and to recommend measures for overall improvement in the quality of investor services.

5. Attending / addressing to complaints of security holders routed by SEBI (SCORES) / Stock Exchanges / RBI or any other Regulatory Authorities.

6. To monitor transfer of the amounts transferable to and from Investor Education and Protection Fund.

7. To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and guidelines issued by the SEBI or any other regulatory authority.

8. To review measures taken for effective exercise of voting rights by shareholders.

9. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

10. To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

11. To do all necessary acts, deeds and things as may be required, including authorizing any person(s) to endorse the share certificate(s) after affixing the common seal on share certificates in accordance with the Articles of Association of the Company; and

12. To do all such acts, deeds and things as may be required under any acts, rules, regulations, guidelines, circulars, etc. issued by any authority including SEBI, Stock Exchanges, Depositories in relation to the shareholders, debenture holders, investor or other security holder of the Company and to delegate any of the powers / authority to such persons as the Committee may deem necessary.

During the year under review, no complaints were received from investors / shareholders.

ASSET-LIABILITY MANAGEMENT COMMITTEE (“ALCO”)

Composition, Meetings and Attendance

The Asset-Liability Management Committee has been constituted under RBI’s Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies read with RBI Directions, as amended (collectively referred to as “RBI Framework”)

The ALCO comprises Mr. Karthikeyan Srinivasan, Mr. Kaushal Mithani, Mr. Nitin Gyanchandani, Mr. K V Bharadwaj and Mr. Vinodkumar Panicker.

During the year under review, Mr. Munish Dayal ceased to be Member and Mr. Devdutt Marathe was appointed as Member of the Committee.

Subsequesnt to the year under review, Mr. Devdutt Marathe and Mr. Dhanpal Jhaveri ceased to be Members and Mr. Kaushal Mithani, Mr. K V Bharadwaj, and Mr. Nitin Gyanchandani were appointed as Members of the Committee.

During the year under review, the ALCO met 4 (four) times on May 17, 2023, August 21, 2023, November 6, 2023 and February 12, 2024. 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 held during tenure of membership)	No. of Meetings attended
Mr. Karthikeyan Srinivasan	Chairman	4	4
Mr. Dhanpal Jhaveri	Member	4	1
*Mr. Munish Dayal	Member	2	2
Mr. Vinod Kumar Panicker	Member	4	4
**Mr. Devdutt Marathe	Member	2	2

** Mr. Munish Dayal ceased to a Member from September 8, 2023*

*** Mr. Devdutt Marathe appointed as a Member on September 8, 2023*

Ms. Shikha Jain acts as the Secretary to the the ALCO.

The Board at its meeting held on 29 April 2024 has reconstituted its ALCO Committee to comply with the Master Direction – Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023 issued on October 19, 2023.

Composition of ALCO Committee w.e.f 29 April 2024 is as under:

Name of the Members	Status
Mr. Karthikeyan Srinivasan	Chairman
Mr. Vinodkumar Panicker	Member
Mr. Nitin Gyanchandani	Member
Mr. K V Bharadwaj	Member
Mr. Kaushal Mithani	Member

Terms of reference

The terms of reference of the ALCO inter-alia includes:

1. To oversee and ensure that an adequate and accurate management information system is put in place by the Company wrt asset liability composition / mismatches;
2. To oversee balance sheet planning from risk return perspective including strategic management of interest rate and liquidity risk and tracking of liquidity through maturity or cash flow mismatches;
3. To review the Gap reports (liquidity and interest rate sensitivities) admeasuring the mismatch between rate sensitive liabilities and rate sensitive assets and set limits thereof;
4. To consider product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc.;
5. To articulate the current interest rate view of the Company and base its decisions for future business strategy based on this view;
6. To decide on source and mix of liabilities or sale of assets and towards this end, develop a view on future direction of interest rate movements and decide on funding mixes;
7. To review the results of and progress in implementation of the decisions made in the previous meetings;
8. To form a policy note on the treatment of investment portfolio for the purpose of asset liability management, classify them on the basis of appropriate time bucket;
9. To provide its inputs on the risk management policy;
10. To review product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities such as fixed vs. floating rate funds, domestic vs. foreign currency funds etc.;
11. To consider and approve proposals and detailed terms and conditions of borrowings from banks/financial institutions and other lenders and do all such acts deeds and things as may be necessary to give effect to approved proposals;
12. To review and recommend borrowing programme for the Company;
13. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
14. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company;
15. To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Karthikeyan Srinivasan, Mr. Krishnamoorthy Swaminathan, Ms. Rashmita Prajapati and Ms. Fini M Joseph. In terms of RBI Directions, Mrs. Pooja Anil Thakur, Internal Ombudsman Officer, act as a Permnenant Invitee to the GRC.

During the year under review, Ms. Rashmita Prajapati and Ms. Fini M Joseph were appointed as Members to the Committee and Ms. Pooja Anil Thakur, Internal Ombudsman Officer as Permanent Invitee to the Committee.

During the year under review, the Committee met twice on May 17, 2023 and March 15, 2024.

Composition of the Grievence Redressal 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 held during tenure of membership)	No. of Meetings attended
Mr. Karthikeyan Srinivasan	Chairperson	2	2
Mr. Krishnamoorthy Swaminathan	Member	2	2
*Ms. Rashmita Prajapati	Member	1	1
**Ms. Fini M Joseph	Member	1	1

**Ms. Rashmita Prajapati appointed as a Member on February 14, 2024*

*** Ms. Fini M Joseph appointed as a Member on February 14, 2024*

Ms. Shikha Jain acts as the Secretary to the the grievence Redressal Commitee.

Terms of Reference

The terms of reference of the Grievances Redressal Committee inter-alia includes:

1. To carry out such functions for the redressal of the borrowers and clients' complaints including but not limited to applications for loans and their processing, loan appraisal and terms / conditions, disbursement of loans, change in terms and conditions, and any other grievance that a borrower or client of the Company may have against the Company;
2. To periodically review the Customer Grievance Redressal Mechanism to ensure that process deficiencies, if any, are addressed;
3. To review the Statement of Complaints received, resolved and pending, along with reasons for the same;
4. To do all such acts, deeds, things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
5. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee has been constituted pursuant to Reserve Bank of India Master Direction on Information Technology Framework for the NBFC Sector read with RBI Directions, as amended.

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. Karthikeyan Srinivasan, Mr. Amit Ashwin Kothari, Mr. Devdutt Marathe and Mr. Vinodkumar Panicker.

During the year under review, Mr. Munish Dayal ceased to be Member and Mr. Devdutt Marathe was appointed as Member of the Committee.

During the year under review, the Committee met twice on October 06, 2023 and March 15, 2024.

The Company Secretary of the Company acts as the Secretary of the IT Strategy committee.

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 held during tenure of membership)	No. of Meetings attended
Mr. Bobby Parikh	Chairperson	2	2
Mr. Karthikeyan Srinivasan	Member	2	2
Mr.Devdutt Marathe*	Member	2	1
Mr. Vinodkumar Panicker	Member	2	1
Mr. Amit Ashwin Kothari	Member	2	2

**Mr. Devdutt Marathe Appointed as a Member form September 8, 2023*

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:

1. to approve and monitor information technology ("IT") strategy and policy documents,
2. monitor processes and practices to ensure IT delivers value to business,
3. ensure that IT investments represent a balance of risks and benefits,
4. determine the IT resources required to achieve strategic goals,
5. providing high-level direction for sourcing and use of IT resources
6. managing IT related risks.

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee has been constituted to review and approve credit proposals with respect to Corporate Lending Business and Retail Lending Business of the Company. The Credit Committee comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan and Mr. Vinod Kumar Panicker.

During the year under view, no meetings of Credit Committee was held. As and when necessary, decisions were taken by the Committee by way of resolutions passed through circulation. During the year under review ten resolutions were passed through circular resolutions.

Composition of the Credit Committee is as under:

Name of the Members	Status
Mr. Hemant Kaul	Chairman
Mr. Karthikeyan Sriniavasan	Member
Mr. Vinodkumar Panicker	Member

Terms of reference

The terms of reference of the Credit Committee inter-alia includes:

1. The Credit Committee shall have authority to monitor and approve transactions under the Corporate Lending and Retail Lending Business Segments of the Company referred to it by the Corporate Lending Committee / Retail Lending Committee, as the case maybe;
2. The Credit Committee has the authority to make a final decision on examining, approval or rejection of credit proposals with respect to the Corporate Lending Business of the Company proposed by the Corporate Lending Committee, the terms and conditions of such loans / credit proposals, security offered, as well as to establish limits;
3. The Credit Committee shall consider and require completion of all necessary due diligences, including legal and financial, before taking any decision as authorised in point 2 above including Know Your Customer, Anti Money Laundering / Countering Financing Terrorism and other prudential guidelines;
4. The Credit Committee shall review compliance with all applicable laws, regulations, norms, codes, limits, policies framed by the Company and / or as required by RBI and / or other regulatory authorities, rating agencies requirements etc. from time to time;
5. To note the amendment(s) to the Operations Manual by the Corporate Lending Committee with respect to the Corporate Lending Business and by the Retail Lending Committee with respect to the Retail Lending Business of the Company;
6. The Credit Committee shall from time to time formulate, recommend, review, alter and implement the credit policy/criteria, exposure policy/criteria, sell down policy, short term loan policy and other policies, norms, guidelines as may be required;
7. To review and note the Short Term Loans approved by the Corporate Lending Committee;
8. To review and note transactions of Sell Down of the Credit Exposures;
9. The Credit Committee shall review and monitor:
10. the performance of the loan asset portfolio of the Company and its subsidiaries
11. the loan policies, strategies and programs of the Company and its subsidiaries
12. deviations from sanctioned conditions for transactions under the Corporate Lending Business Segment of the Company;
13. identification of problem accounts, reporting and provisioning norms in line with applicable accounting laws, RBI prudential norms or with best global industry practices.
14. The Credit Committee shall also recommend changes, from time to time, in the risk policy to the Risk Management Committee of the Company;

15. To determine the Investment Limit under Investment Policy, as well as the specific Investment Category and the proportion / cap for each category and to supervise the implementation of the Investment Policy;
16. To determine the Investment Limit under Investment Policy, as well as the specific Investment Category and the proportion / cap for each category and to supervise the implementation of the Investment Policy;
17. Any transactions that are proposed to be entered into by the Company that have a potential for a conflict-of-interest in the assessment by the members of the Credit Committee shall be referred to the Risk Management Committee for a final resolution thereof;
18. To affix the Common seal of the Company, if required, in accordance with the Articles of Association of the Company where necessary and to authorise the use of the Common Seal of the Company and to appoint persons to sign/countersign documents, etc. on which the Common Seal is to be affixed;
19. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
20. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company;
21. To do all such acts, deeds, things and matters which do not require specific approval of the Board of Directors with respect to the Corporate Lending Business and Retail Lending Business of the Company;
22. To delegate to the officials / any Committee such powers of the Committee as may be deemed fit by the Committee.

BORROWING COMMITTEE

Composition, Meetings and Attendance

The Borrowing Committee (erstwhile Debenture Committee) comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Kaushal Mithani and Mr. Nitin Gyanchandani.

During the year under review, Mr. Nitin Gyanchandani was appointed as Member of the Committee.

During the year under review, the Borrowing Committee met six times on April 26, 2023, 22 June 2023, 31 July 2023, 23 September 2023, 16 October 2023, 16 January 2024 and 16 February 2024. 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 During the year under review eleven resolutions were passed thorugh circular resolutions.

Composition of the Borrowing 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 held during tenure of membership)	No. of Meetings attended
Mr. Karthikeyan Srinivasan	Member	7	7
Mr. Vinodkumar Panicker	Member	7	7
Mr. Kaushal Mithani	Member	7	7
*Mr. Nitin Gyanchandani	Member	4	4

** Mr. Nitin Gyanchandani appointed as a Member from August 2, 2023*

Terms of reference

The terms of reference of the Borrowing Committee inter-alia includes:

1. Approving the offer document and filing the same with any authority or entities as may be required;
2. Approving the issue price, the number of NCDs to be allotted, the basis of allocation and allotment of NCDs;
3. execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of NCDs by the Company;
4. Opening a separate special account with a scheduled bank to receive monies in respect of the issue of the NCDs of the Company;
5. Making applications for listing of the NCDs of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
6. Deciding on the mode of issuance of the NCDs, creation of debenture redemption reserve, tenor, security, listing on stock exchange(s), objects of the issue and such other matters;

7. Finalization of the allotment of the NCDs on the basis of the bids received including finalization of basis of allotment in the event of over subscription;

8. Finalization of and arrangement for the submission of the placement document(s) and any amendments / supplements thereto, with any applicable government and regulatory authorities, institutions or bodies as may be required;

9. Approval of the preliminary and final placement document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers / Underwriters / Advisors (if appointed) in accordance with all applicable laws, rules, regulations and guidelines;

10. Approving appointment / engagement and the terms of such appointment and engagement of any intermediaries including but not limited to Merchant Bankers, Legal Counsel, Banker(s) to the issue, Registrar and Transfer Agents, Debenture Trustee(s), Arrangers and / or all other intermediaries involved in such issue(s);

11. Acceptance and appropriation of the proceeds of the issue of the NCDs;

12. Buy back / redeem / repurchase of the NCDs in case of put option and reissue of same to the new investors:

13. Authorization of the maintenance of a register of holders of the NCDs, if required;

14. Authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as authorized person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the NCDs;

15. Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India and any other consents that may be required in connection with the issue and allotment of the NCDs;

16. Giving or authorizing the concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

17. To undertake all such acts, deeds and things as may be required to be undertaken by the Committee including but not limited to approving, modifying, finalizing, signing and executing any matters or documents including any deeds, appointment letters, term sheet, engagement letters, agreements and all such other documents and deeds as may be required to be finalized, approved or undertaken by the Company towards the issue of NCDs:

18. To consider and approve proposals and detailed terms and conditions of borrowings from banks/financial institutions and other lenders and do all such acts deeds and things as may be necessary to give effect to approved proposals;

19. To review and recommend borrowing programme for the Company;

20. To approve and authorize officials of the Company to execute transactions related to securitization and assignment of loan assets of the Company;

21. To do all such acts as may be delegated by the Board of Directors, from time to time;

22. To delegate to the officials such powers of the Committee as may be deemed fit by the Committee.

DEBT-PUBLIC ISSUE COMMITTEE

During the year under review, the Board of Directors constituted "Debt-Public Issue Committee" to look into the matters relating to public issue of non-convertible debentures.

Composition of the Debt- Public Issue Committee is as under:

Name of the Members	Status
Mr. Karthikeyan Srinivasan	Member
Mr. Vibhor Kumar Talreja	Member
Mr. Devdutt Marathe	Member

During the year under review, no meetings of Debt- Public Issue Committee was held.

Terms of reference

The terms of reference of the Debt – Public Issue Committee inter-alia includes:

1. To approve, modify, finalise and adopt the Offering Documents (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead manager(s), in accordance with all applicable

laws, rules, regulations and guidelines prior to the filing of the relevant Offering Documents with the Stock Exchange(s) where the NCDs are intended to be listed, the Registrar of Companies ("RoC") and/or any other statutory or regulatory authority, as may be necessary, and any advertisements, corrigendum, amendments supplements thereto and to approve any corrections or alterations therein on behalf of the Board;

2. To approve, modify, finalize and adopt the Offering Documents (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalized in consultation with the lead manager(s), in accordance with all applicable laws, rules, regulations and guidelines prior to the filing of the relevant Offering Documents with the Stock Exchange(s) where the NCDs are intended to be listed, the Registrar of Companies ("RoC") and/or any other statutory or regulatory authority, as may be necessary, and any advertisements, corrigendum, amendments supplements thereto and to approve any corrections or alterations therein on behalf of the Board;

3. approving/ adopting the financial statements along with the examination reports, notes, schedules, annexures, Special Purpose Unaudited Financial Statements/Limited Review Financial Statements/, Condensed Financial Statements or such other format of Financial Statements of the Company for the purpose of incorporating in the Offering Documents;

4. finalization of the date of allotment and finalization of the basis of allotment of the NCDs on the basis of the applications received and to approve and to issue and allot the NCDs and to approve all other matters relating to the Issue including acceptance and appropriation of the proceeds of the Issue, issuing debenture certificates/ allotment advice cum intimation, credit the NCDs to the beneficiary accounts and do all such acts, deeds, matters and things in relation to the allotment of the NCDs; and

5. To approve, negotiate, sign, execute, amend, supplement and/or, issue, the Offering Documents.

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 East, West, North and South regions.

The Internal Complaints Committee comprises Ms. Priya Prasad (Presiding Officer), Mr. Kekin Savla, Ms. Rashmita Prajapati, Mr. Dipesh Mehta and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Mr. Jitendra Bhati ceased to be Member and Ms. Shikha Jain was appointed as Member of the Committee and subsequent to the year under review Neeta Bisht ceased to be Member and Ms. Rashmita Prajapati and Mr. Dipesh Mehta was appointed as Member of the Committee

One complaint related to sexual harassment were received during the year under review and the same was disposed off. There were no complaints pending as on March 31, 2024

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 the same to the Board of Directors, the District Officer and such other officer as may be prescribed, and monitoring and implementing the Company's Care and Dignity Policy.

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Nitin Gyanchandani and Mr. Kaushal Mithani.

During the year under review, there were no meetings held of the Banking Committee. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.During the year under review, the Banking Committee was reconstituted by appointment of Mr. Niting Gyanchandani as Member and cessation of Mr. Munish Dayal as Member of the Committee.

Terms of Reference

The terms of reference of the Banking Committee inter-alia includes:

1. To take decisions on all matters relating to banking needs of the Company including opening new bank accounts of such type and description and with such banks and

their branches as they deem fit, closing of bank accounts and change in signatories authorised to operate bank accounts of the Company, including fixing limits thereof and to determine and decide on all matters relating to existing or future bank accounts of the Company.

2. To take decisions on all matters relating to opening, operating, closing, change in signatories or such related matters of Demat Account(s), Broking Account(s), Trading Account(s) and CSGL Account(s) of the Company.

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 of Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani. During to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

The Corporate Lending Committee comprises Mr. Karthikeyan Srinivasan, Mr. VinodkKumar Panicker and Mr. Nitin Gyanchandani. During the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

The Retail Lending Committee comprises Mr. Karthikeyan Srinivasan, Mr. Dipesh Mehta, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani. During the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

Terms of Reference:

Management Committee

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

Corporate Lending Committee

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

Retail Lending Committee

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

ESG WORKING COMMITTEE

The Board of Directors constituted ESG Working Committee with an object to implement and oversight the Business Responsibility Policies as required under Business Responsibility and Sustainability Report (BRSR).

Composition

The ESG Working Committee comprises of Ms. Priya Prasad, Mr. Mihir Bhavsar, Mr. K V Bharadwaj and Ms. Shikha Jain. During the year under review, Mr. Jitendra Bhati ceased to be a Member of the Committee and Ms. Shikha Jain was appointed as Member of the Committee

Terms of Reference

The terms of reference of the ESG Working Committee inter-alia includes: to assess and monitor culture to ensure alignment with the

Company's purpose, values and strategy; to oversee and monitor the Company's Health & Safety systems and practices; To monitor the progress against ESG key performance indicators; to approve the Company's ESG strategy (the 'ESG Strategy') including related targets; to provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets; to provide oversight of the key policies and programmes required to implement the ESG Strategy; to provide advice and direction to the Company's management on implementation of the Company's ESG Strategy, the opportunities and risks to the Company's operations and reputation and its corporate responsibility; to determine and monitor Key parameter indicators (KPI) applicable in relation to ESG Strategy and programs; to assist the Board in promoting the long-term sustainable success of the Company with regard to ESG matters by ensuring that the right strategies and action plans are in place to meet the desired goals and monitor progress against those goals; to ensure that the Company agrees, implements, communicates and reviews strategy on key ESG issues; to monitor the execution of and to oversee the communication of the ESG activities with its stakeholders and to provide input to the Board and other Board Committees on ESG matters as required.

DISCIPLINARY COMMITTEE

The Board of Directors constituted Disciplinary Committee to ensure adherence by the employees to the various codes and policies adopted by the Company.

Composition

The Disciplinary Committee comprises of Mr. Karthikeyan Srinivasan, Ms. Priya Prasad and Mr. Nitin Gyanchandani. During the year under review, Mr. Jitendra Bhati ceased to be a member of the Committee and Mr. Nitin Gyanchandani was appointed as a Member of the Committee and subsequent to the year under review Mr. Karthikeyan Srinivasan and Mr. Nitin Gyanchandani ceased to be Member and Ms. Rashmita Prajapati and Mr. Dipesh Mehta was appointed as a Member of the Committee.

Terms of reference

The terms of reference of the Disciplinary Committee inter-alia includes: to access adequacy and implementation of codes /policies of the Company; to establish and maintain a framework for dealing with matters referred to it with regard to violations of codes /policies of the Company by its employees; to investigate and take action against violations of codes /policies of the Company.

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

IV. CODES AND POLICIES

Policy on Selection Criteria / "Fit & Proper" Person Criteria

In terms of provisions of the Act, Guidelines on Corporate Governance prescribed vide RBI Directions and the Listing Regulations, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit and Proper" Person Criteria' which lays down a framework relating to appointment of Director(s) and senior management personnel including key managerial personnel of the Company.

The Policy on Selection Criteria / "Fit and Proper" Person Criteria inter-alia includes:

- Manner / process for selection of Directors and senior management personnel including key managerial personnel;
- Criteria to be considered for appointment of Directors including qualifications, positive attributes, fit and proper person status and independence criteria for Independent Directors;
- Criteria to be considered for appointment in senior management of the Company.

  In terms of the Policy on Selection Criteria / "Fit and Proper" Person Criteria, the Nomination & Remuneration Committee is primarily responsible for:

- Guiding and recommending to the Board of Directors the appointment and removal of Director(s), senior management personnel and key managerial personnel of the Company.
- Ensuring "Fit and Proper" Person status of proposed / existing Director(s)

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Whistle Blower Policy / Vigil Mechanism

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations, the Company has formulated a Whistle blower policy/ vigil mechanism for Directors and Employees to report genuine concerns related to the Company and to provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

The Vigil Mechanism provides a channel including an online platform and telephonic hotline number to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Further, in order to ensure that complaints with respect to any wrong-doing / policy-breach by an employee or any third party were investigated appropriately and in order to ensure that actions to be taken against convicts were approved by an appropriate authority, the Company implemented a formal investigation protocol document.

Related Party Transaction Policy

In term of the provisions of the Listing Regulations, the Act and RBI Directions, the Board of Directors adopted a 'Related Party Transaction Policy' to ensure proper approval and reporting of transactions between the Company and its related parties.

The Related Party Transaction Policy inter-alia sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders.

The Related Party Transaction Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Policy for Determining Material Subsidiary

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determining Material Subsidiary' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Remuneration Policy

The success of any organization in achieving good performance and governance depends on its ability to attract quality individuals on the board. The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Act, regulation 19 read with Part D of Schedule II of the Listing Regulations and the RBI Directions.

The Policy covers 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, details on guaranteed bonus & recovery of annual bonus and modification of salary structure.

The Remuneration Policy is adopted to inter-alia ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Remuneration to Executive Director

Mr. Karthikeyan Srinivasan is the Executive Director (ED) on the board. The compensation to Mr. Srinivasan is within the scale approved by the board and shareholders. The elements of compensation comprise a fixed component, performance incentive and employee stock options. The compensation is determined based on the level of responsibility and scales prevailing in the industry. ED is not paid sitting fees for any board / committee meetings attended by him. The board upon recommendation of the NRC, may decide the quantum/portion of variable pay (cash and non-cash components) that will be subject to deferral based on the time horizon of the risks. Claw back provisions for deferred variable pay including cancellation of vested & unexercised ESOPs may be invoked by the board based on the recommendation of NRC as per policy.

Details of the remuneration of the executive director for the year ended 31 March, 2024 are as follows:

(₹ In lacs)

Name of the Director	Mr. Karthikeyan Srinivasan
Gross Salary including allowances	161.44
Fixed Bonus	35.00
Total	**196.44**

Remuneration of Non-Executive Directors
Non-Executive Directors other than Independent Directors were not paid any remuneration (apart from sitting fees to Independent Directors as stated above) during the year under review. Independent Directors of the Company were paid sitting fees of ₹ 75,000/- for every meeting of board and ₹ 40,000/- for every audit committee meeting and ₹ 25,000/- for every meeting of stakeholders' relationship committee, nomination and remuneration committee, risk management committee, corporate social responsibility committee, IT strategy committee, Independent Director's Meeting and others during the FY 24.

Mentioned below are details of sitting fees paid/ payable to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ In lacs)

Name of the Director	Sitting Fees
Mr. Bobby Parikh	13.65
Mr. Hemant Kaul	10.45
Ms. Naina Krishna Murthy	6.50

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.

Dividend Distribution Policy
In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors
The Independent Directors of your Company were familiarised inter-alia with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning, roles, rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Corporate Social Responsibility ("CSR") Policy
In accordance with Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee In terms of the provisions of the Act, The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. the Board of Directors adopted a 'CSR Policy' the 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 https://www.indostarcapital.com/investors-corner#investor-services.

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

The manner in which formal annual evaluation of the performance of the Board, its Committees and individual Directors including Chairman was conducted is given below:

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, inter-alia setting out criteria for evaluation of performance of the Board collectively, individual non-independent directors and the Chairperson, was circulated to the Independent Directors. Performance ratings were given by the Independent Directors on the questionnaire circulated for each category to be evaluated by them at their separate meeting held.

- Based on Independent Directors feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluated the performance of Non-Independent Directors, the Board as a whole and the Chairman;
- Further, based on evaluation by Independent Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analysed and evaluated its own performance, that of its Committees and each Director including the Chairman.

Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Process adopted by the Nomination & Remuneration Committee inter-alia prescribes criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

Code for Prevention of Insider Trading

The board has adopted a code to regulate, monitor and report trading by insiders in securities of the Company. The code inter-alia requires pre-clearance for dealing in the securities of the Company and prohibits the purchase or sale of securities of the Company while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed. The board has further approved the code for practices and procedures for fair disclosure of unpublished price sensitive information and policy governing the procedure of inquiry in case of actual or suspected leak of unpublished price sensitive information. The code has also been hosted on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services. The Company has also put in place a structured digital database as required under Regulation 3(5) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

V. SENIOR MANAGEMENT PERSONNEL AS ON MARCH 31, 2024

Sr. No.	Name of SMPs	Designation
1.	Mr. Karthikeyan Srinivasan	Chief Executive Officer
2.	Mr. Randhir Singh**	Executive Vice Chairman
3.	Mr. Vinodkumar Panicker	Chief Financial Officer
4.	Ms. Shikha Jain*	Company Secretary and Compliance Officer
5.	Rashmita Prajapati*	Chief Compliance Officer
6.	Kashinath Palekar	Head – Internal Audit
7.	Nitin Gyanchandani*	Chief Risk Officer
8.	Dipesh Mehta	Chief Product Officer
9.	Priya Prasad	Chief Human Resource Officer
10.	Amit Kothari	Chief Technology Officer
11.	K V Bharadwaj	Chief Credit Officer
12.	Arvind Uppal	Head – Collections
13.	Devaraj C	Chief Business Officer
14.	Krishnamurthy Swaminathan	Head – Operations
15.	P Krishnan	Principal Officer
16.	Kekin Savla	Head - Finance
17.	Kaushal Mithani	Head – Treasury
18.	Mihir Bhavsar	Chief Information Security Officer

**Appointed during the year under review.*

*** Appointed on 22 July 2024*

Senior Management personnel resigned during the year under review:

Name	Designation
Jitendra Bhati	Head - Compliance and Secretarial
Hansraj Thakur	Business Head
B Ravikumar	Business Head

VI. DETAILS OF MATERIAL SUBSIDIARIES OF THE LISTED ENTITY

Name of material subsidiary	Date and Place of incorporation	Name of statutory Auditors	Date of appointment of statutory auditors
IndoStar Home Finance Private Limited	January 1, 2016 Mumbai, Maharashtra	G. D. Apte & Associates, Chartered Accountants	28 September 2021

VII. GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2020-21	September 28, 2021	11:00 a.m.	• Issue of Non-Convertible Debentures under Private Placement • Payment of remuneration to Non-Executive Independent Directors of the Company for the financial year 2020-21 • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company. • Approval for Selling, Leasing and Disposing Assets of IndoStar Home Finance Private Limited, a material subsidiary of the Company, exceeding 20% of its assets in aggregate, during any financial year. • Alteration of the object clause of the Memorandum of Association of the Company.	Held through Video Conferencing / Other Audio Visual Means
2021-22	September 29, 2022	11:00 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 3,000 crore, during a year. • Material Related Party Transaction for the amount not exceeding ₹ 1,000 crore with BCP V Multiple Holdings Pte Ltd., the holding company of the Company at arm's length and in the ordinary course of business of the Company	Held through Video Conferencing / Other Audio Visual Means
2022-23	September 18, 2023	10.30 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 7,500 crore, during a year. • Material Related Party Transaction for the amount not exceeding ₹ 1,000 crore with BCP V Multiple Holdings Pte Ltd., the holding company of the Company at arm's length and in the ordinary course of business of the Company	Held through Video Conferencing / Other Audio Visual Means

Postal Ballot

The Company sought the approval of the Members on the Special Resolutions by way of Postal Ballot notice dated May 28, 2024 which was passed with requisite majority on June 28, 2024, details of same are mentioned below:

Special Resolutions passed through Postal Ballot	Voting percentage of shareholders participated
Alteration of the Articles Of Association of the Company	% of vote in Favour : 99.79 % of vote in Against : 0.21
Appointment of Mr. Randhir Singh (Din: 05353131) as the Whole-Time Director on the Board of Directors of the Company designated as the Executive Vice Chairman	% of vote in Favour : 99.79 % of vote in Against : 0.21
Amendment of IndoStar ESOP Plan 2018	% of vote in Favour : 99.79 % of vote in Against : 0.21
Approval of proposed Grant of Stock Options equal to or exceeding 1% (one percent) of issued capital of the Company under IndoStar Esop Plan 2018 at the time of grant to identified employee(s)	% of vote in Favour : 99.79 % of vote in Against : 0.21

Ms. Aditi Patnaik (ICSI Membership No. A45308), Partner, M/s Mehta & Mehta , Practicing Company Secretaries, acted as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner.

Procedure for postal ballot

Pursuant to the provisions of the Act, the Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('e-voting') in addition to physical ballot. Postal ballot notices and forms are sent along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman or any person authorized by him and the voting results are announced by the Chairman or any person authorized by him by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

In view of the COVID-19 pandemic and dispensation granted by MCA, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/depositories and only e-voting facility was provided to the members to cast their votes. Arrangements were also made for other members to register their e-mail id to cast their vote online.

None of the businesses to be transacted at the ensuing Annual General Meeting are proposed to be conducted through postal ballot.

Extra Ordinary General Meeting

During the year under review, the Company sought the approval of the Members on the following resolutions at the Extra Ordinary General Meeting held on March 22, 2024 through video conference/other audio visual means which were passed with requisite majority, details of same are mentioned below:

Resolutions passed at the Extra Ordiinary General Meeting	Voting percentage of shareholders participated
Increase in the authorized share capital of the Company from ₹ 165 crores to ₹ 200 crores and consequent alteration of clause V(a) of the Memorandum of Association of the Company	**% of vote in Favour: 100%** **% of vote in Against: 0%**
Alteration of the Articles of Association of the Company to insert necessary provisions for issue of warrants and related matters thereto	**% of vote in Favour: 100%** **% of vote in Against: 0%**

Resolutions passed at the Extra Ordiinary General Meeting	Voting percentage of shareholders participated
Issuance of warrants to BCP V Multiple Holdings Pte Ltd and/or BCP V Multiple FVCI Holdings Pte Ltd, promoters of the Company on a preferential basis	**% of vote in Favour: 100%** **% of vote in Against: 0%**
Issuance of warrants to Florintree Tecserve LLP, a non-promoter entity on a preferential basis	**% of vote in Favour: 100%** **% of vote in Against: 0%**

Ms. Aditi Patnaik (ICSI Membership No. A45308), Partner, M/s Mehta & Mehta, Practicing Company Secretaries, acted as the Scrutinizer, for conducting the EGM process, in a fair and transparent manner.

VIII. 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 Business Standard and Prahar, as required under applicable law;
- Presentations and media releases on financial position and important events/ material developments of the Company are issued by the Company for information of investors;
- The Company arranges for investors calls / conferences for discussing financial position of the Company from time to time;
- The shareholders can also access the details of corporate governance policies, Board committees, financial information, shareholding information, details of unclaimed dividends, etc. on the Company's website;
- Institutional investors / analysts presentations and media releases are submitted to the stock exchanges and are also hosted on the Company's website.

IX. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	15th Annual General Meeting Date: September 30, 2024 Time: 3 p.m. (IST) Mode of conducting the meeting: Video conferencing / other audio-visual means
Financial Year	April 1, 2023 to March 31, 2024
Dividend Payment Date	Not Applicable
Date of Book Closure	Tuesday, September 24, 2024 to Monday, September 30, 2024 (both days inclusive)
Calender for financial year ending on March 31, 2025	Results for the quarter ending June 30, 2024 — Last week of July 2024 Results for the quarter ending September 30, 2024 — Last week of October 2024 Results for the quarter ending December 31, 2024 — Last week of January 2025 Results for the quarter ending March 31, 2025 — Last week of April 2025
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges.
Stock Code	BSE: 541336 NSE: INDOSTAR

In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in
Share Transfer System	In terms of the Listing Regulations w.e.f. April 1, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee.
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2024, 100% of Equity shares were held in dematrialised form out of which, 124,010,329 Equity Shares of the Company were in process of listing.
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	Ms. Shikha Jain Company Secretary & Compliance Officer Unit No. 301-A, 3rd Floor, Silver Utopia, Opposite P&G Plaza, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400099 Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com

List of Credit Ratings along with any revisions during the financial year:

LONG TERM	
Debt Programme	
CARE Ratings Limited	CARE AA- (revised on November 22, 2023, earlier rating: CARE A+)
CRISIL Limited	CRISIL AA-
Market Linked Debentures	
CARE Ratings Limited	CARE PP-MLD AA- (revised on November 22, 2023, earlier rating: CARE A+)
SHORT TERM DEBT PROGRAMME/COMMERCIAL PAPER:	
CARE Ratings Limited	CARE A1+
CRISIL Limited	CRISIL A1+

Secretarial Audit

The Company annually conducts a secretarial audit by an independent practicing company secretary. For the year ended 31 March, 2024, M/s. Mehta & Mehta, Company Secretaries, had conducted the secretarial audit and the certificate was placed before the board and attached to this report.

Reconciliation of Share Capital Audit

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The certificate issued by an independent practicing company secretary is submitted to the stock exchanges and is also placed before the board of directors.

Compliance Certificate on Corporate Governance

The certificate on compliance of corporate governance norms from an independent practicing company secretary is annexed to the report.

Green initiative in corporate governance

The Companies Act, 2013 and the underlying rules permit companies to send various documents including the financial statements through electronic mode to the shareholders. In compliance with the circulars issued by MCA and SEBI, electronic copies of the notice of the AGM and annual report for year under review will be sent to all the shareholders whose email addresses are registered with the Company / depository participants. Shareholders are requested to register their e-mail ID with their depository participant, if the holding is in electronic mode. If shares are held in physical mode, the shareholders are requested to furnish their email addresses to RTA for receiving the above documents by electronic mode.

Transfer of Equity Shares to IEPF

In accordance with the provisions of section 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF), the underlying shares of all dividends which remain unpaid/unclaimed for a period of seven consecutive years be transferred to Investor Education and Protection Fund (IEPF). As required under the said rules, the Company had sent out individual communication to the concerned shareholders whose dividend are unclaimed, informing them about the amount of unpaid dividend lying with the Company and requesting them to update their bank details by confirming the details to the attention of Link Intime India Pvt. Limited, so as to claim the unpaid dividend amount and to ensure uninterrupted and timely payment of dividend in the future.

During the year under review, no dividend or shares were liable to be transferred to IEPF account.

Dispute Resolution Mechanism

SEBI has vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/76 dated 30th May, 2022, issued a Standard Operating Procedure (SOP) for dispute resolution under Stock Exchanges Arbitration Mechanism, for dispute redressal between the Listed Company / Registrar and Share Transfer Agents (RTA) and its shareholder(s) / investor(s).

The Arbitration Mechanism shall be initiated post exhausting all actions for resolution of complaints including those received through SEBI SCORES Portal.SEBI Complaints Redress System (SCORES):

Investor complaints are processed at SEBI in a centralised web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaints and their current status.

Distribution of Shareholding as on March 31, 2024:

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	67,965	95.69	3,094,422	2.27
2	501	-	1000	1148	1.62	893,197	0.66
3	1001	-	2000	822	1.16	1,241,183	0.91
4	2001	-	3000	322	0.45	833,742	0.61
5	3001	-	4000	146	0.21	521,306	0.38
6	4001	-	5000	126	0.18	599,159	0.44
7	5001	-	10000	236	0.33	1,772,017	1.30
8	10001 & above			263	0.37	127,124,269	93.42
Total				**71,028**	**100.00**	**136,079,295**	**100.00**

Shareholding Pattern as on March 31, 2024:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	99,745,221	73.30
2	Promoter Group	2,313,005	1.70
	Total (A)	**102,058,226**	**75.00**
B			
1	Mutual Funds	-	-
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	20,222,47	1.49
4	Financial Institutions / Banks	-	-
4	Insurance Companies	2,408,473	1.77
5	Directors and their relatives	1,100	0.00
6	Individuals	19,243,204	14.14
7	Non-Resident Indians	658,165	0.48
8	Foreign Nationals	-	-
9	Bodies Corporate	7,852,384	5.77
10	Others	1,835,496	1.35
	Total (B)	**34,021,069**	**25.00**
Total (A+B)		**136,079,295**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2024:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2023	139.40	104.10	139.30	104.00
May 2023	151.25	111.15	151.05	112.40
June 2023	166.30	143.25	166.70	142.50
July 2023	177.45	143.00	177.00	141.00
August 2023	190.20	157.00	191.30	159.55
September 2023	190.90	163.60	193.00	165.00
October 2023	185.00	157.20	184.40	157.55
November 2023	181.50	156.00	180.95	157.50
December 2023	178.65	161.20	176.95	160.00
January 2024	229.00	168.10	229.00	167.00
February 2024	231.15	173.00	231.60	172.00
March 2024	229.95	180.00	229.90	181.80

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2024:

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2024:

X. OTHER DISCLOSURES

Related party transactions: All transactions with related parties that were entered into during the financial year were in the ordinary course of business and were on an arm's length basis. There were no material transactions with related parties i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries, or relatives, etc., that may have potential conflict with the interest of company at large. Suitable disclosures as required in compliance with accounting standards with related parties are disclosed in Note No. 32 of the financial statements in the annual report.

The board has put in place a policy on related party transactions and the same has been uploaded on the Company's website at https://www.indostarcapital.com/investors-corner/

Disclosure by listed entity and its subsidiaries of 'Loans and advances' in the nature of loans to firms/ companies in which directors are interested by name and amount: Suitable disclosures as required in compliance with accounting standards in which directors are interested are disclosed in Note No. 32 of the financial statements in the annual report.

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 the Company at large.

Details of non-compliance: Except as mentioned below, 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:

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
FY 2023-24	BSE Limited ("BSE")	Delay in intimation of payment of Interest on non-convertible debentures under Regulation 57(1) of Listing Regulations.	BSE levied a fine of ₹ 12,000 excluding applicable GST vide email dated April 30, 2024.
FY 2023-24	BSE Limited ("BSE")	Delay in intimation of record date for the purpose of payment of interest on non-convertible debentures under Regulation 60 of Listing Regulations.	BSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated April 1,2024.
FY 2023-24	Reserve Bank of India ("RBI")	Non-compliances observed by the RBI in its statutory inspection of the Company with reference to the Company's financial position as on March 31, 2022	India ("RBI") vide its order and press release received by the Company on March 13, 2024, has imposed a monetary penalty on the Company aggregating to ₹ 13.60 lakhs.
FY 2023-24	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Delay in submission of Secretarial Compliance Report under Regulation 24A of the Listing Regulations	BSE & NSE levied a fine of ₹ 4,000 each excluding applicable GST vide email dated June 26, 2023.
FY 2023-24	BSE Limited ("BSE")	Delay in intimation of record date for the purpose of buy back of non-convertible debentures under Regulation 60 of Listing Regulations.	BSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated October 18, 2023.

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
FY 2023-24	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Non-submission of prior intimation about the meeting of the board of directors under Regulation 29 of the Listing Regulations	BSE & NSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated February 14, 2024
FY 2022- 23	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	*Non-maintenance of minimum public shareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations	Total penalty of ₹ 3,500,000 excluding applicable GST had been levied by NSE and BSE as detailed below: 1. BSE and NSE levied a penalty of ₹ 455,000 each excluding applicable GST during the quarter ended June 30, 2022 2. BSE and NSE levied a penalty of ₹ 885,000 each excluding applicable GST for the quarter ended September 30, 2022. 3. BSE and NSE levied a penalty of ₹ 920,000 each excluding applicable GST for the quarter ended December 30, 2022. 4. BSE and NSE levied a penalty of ₹ 1,240,000 each excluding applicable GST for the period January 1, 2023 to 4 May 2023. i.e. till the date of non-compliance. Mail dated 14 March 2023 from BSE and NSE intimating action of freezing against the Promoter and Promoter Group of the Company as per SEBI Circular No. SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017
FY 2022-23	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Delay in submission of audited financial results (standalone and consolidated) of the Company for the quarter and financial year ended March 31, 2022 and other Company updates	1. BSE & NSE levied a fine of ₹ 150,000 each excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE & NSE levied a fine of ₹ 190,000 and ₹ 230,000 respectively excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
FY 2022-23	BSE Limited	Delay in disclosure of line items prescribed under Regulation 52(4) of Listing Regulations along with the half yearly / annual financial results	1. BSE levied a fine of ₹ 30,000 excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE levied a fine of ₹ 46,000excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.
FY 2022-23	BSE Limited	Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements as per Regulation 54(2) of the Listing Regulations	1. BSE levied a fine of ₹ 30,000 excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE levied a fine of ₹ 46,000 excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.
FY 2022-23	BSE Limited	Delay in submission of statement indicating the utilization of issue proceeds / material deviation in the use of proceeds of nonconvertible debentures as per Regulation 52(7) of the Listing Regulations	BSE levied a fine of ₹ 10,000excluding applicable GST vide email dated December 26, 2022 for the quarter ended March 31, 2022.
FY 2021-22	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Non-maintenance of minimum public hareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations	Total penalty of ₹ 1,770,000 excluding applicable GST had been levied by NSE and BSE Limited as detailed below: 1. BSE and NSE levied penalty of ₹ 425,000 each excluding applicable GST for the period July 08, 2021 to September 30, 2021. 2. BSE and NSE levied penalty of ₹ 460,000 each excluding applicable GST for the period October 01, 2021 to December 31, 2021. 3. Subsequent to the year under review, BSE and NSE levied penalty of ₹ 450,000 each excluding applicable GST for the period January 1, 2022 to March 31, 2022

**During the year under review, Indostar Capital and Everstone Capital Partners II LLC, members belonging to the promoter group, have completed the sale of 19,340,000 equity shares of the Company, representing 14.21% of the total paid-up equity share capital of the Company through an Offer for Sale through the stock exchanges on 3 May 2023 and 4 May 2023. Accordingly, the Company is now in compliance with the minimum public shareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations.*

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2024. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has also adopted the following discretionary requirements specified in Part E of Schedule II in terms of regulation 27(1) of the Listing Regulations:

- Modified opinion(s) in audit report: Company's financial statements have unmodified audit opinions.
- 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;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons.
- The internal auditors of the Company report directly to the Audit Committee of the Board.

Details of non-compliance with requirements of Companies Act, 2013

The Company is in compliance with the applicable provisions of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

Payment made to Statutory Auditor of the Company

Details relating to the fees paid to the statutory auditors of the Company and its subsidiaries, during the financial year 2023-24, is stated in note 28 of the notes to consolidated financial statements, which forms part of this Annual Report.

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, 2024.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion and likely impact on equity capital

The Board of Directors at its meeting held on 27 February 2024 had approved a fund raise of ₹ 456.6 crore via preferential allotment of warrants to Brookfield Asset Management through one of its private equity funds ("Brookfield") and Florintree Tecserv LLP ("Florintree"). Brookfield and Florintree will invest ₹ 256.6 crore and ₹ 200.0 crore respectively to subscribe to approximately 13,949,323 and 10,869,565 convertible warrants repectively at a price of ₹ 184 per share on private placement basis for an aggregate consideration of 456.6 crore.

The Company has allotted 10,869,565 convertible warrants to Florintree on 26 May 2024 and the company has received twenty-five percent of the total consideration.

Commodity price risk and hedging activities

The Company does not deal with any commodity and hence not exposed to any commodity price risk and commodity hedging activities as on March 31, 2024.

XI. DECLARATION BY THE CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, Karthikeyan Srinivasan, 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 Senior Management for the financial year ended March 31, 2024.

Karthikeyan Srinivasan
CEO & Whole-time Director
DIN: 10056556

Place: Mumbai
Date: August 29, 2024

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
INDOSTAR CAPITAL FINANCE LIMITED
Office No- 301, Wing A, CTS No 477
Silver Utopia, Chakala Road,
Opposite Proctor and Gamble, Andheri (E),
Sahargaon, Mumbai- India 400099

We have examined the compliance of conditions of Corporate Governance by IndoStar Capital Finance Limited (hereinafter referred as "Company") for the financial year ended March 31, 2024 as prescribed under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations except as per the Secretarial Compliance Report (PDF & XBRL) for the financial year ended March 31, 2023 prescribed under Regulation 24A (2) of Listing Regulations, was filed with the Stock Exchanges with the delay of two days.

We further state that such compliance 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.

This certificate is issued solely for the purposes of complying with Listing Regulations and may not be suitable for any other purpose.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Atul Mehta
Partner
FCS No: 5782
CP No.: 2486
UDIN: F005782F000719275
PR no.: 3686/2023

Place: Mumbai
Date: July 11, 2024

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V ofSecurities 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, 2024.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and the Directors of the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31,2024, have been debarred or disqualified from being appointed or continuing as Director on the Boardof the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. Bobby Parikh	00019437
2.	Mr. Dhanpal Jhaveri	02018124
3.	Mr. Vibhor Kumar Talreja	08768297
4.	Mr. Aditya Joshi	08684627
5.	Mr. Devdutt Vinayak Marathe	10294876
6.	Mr. Hemant Kaul	00551588
7.	Ms. Naina Krishna Murthy	01216114
8.	Mr. Karthikeyan Srinivasan	10056556

For H Choudhary& Associates
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number: F008274F000911308

Place: Mumbai
Date: August 6, 2024

Independent Auditor's Report

To the
Members of
IndoStar Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **IndoStar Capital Finance Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Rules") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) 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 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Impairment of loans including Expected Credit Losses ("ECL"):** Total Loans as at March 31, 2024: ₹ 5,98,730.29 lakhs (net of ECL) Impairment Provision as at March 31, 2024: ₹ 31,071.10 lakhs) (Refer Note 5 of the Financial Statements) As per Ind AS 109 - Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its financial assets using ECL approach involving an estimation of probability of loss on such financial assets, 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 financial assets.	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Read the Company's Board approved ECL policy and material accounting policy information for estimation of ECL on financial assets and evaluated the appropriateness of the same with the principles of Ind AS 109; • Performed end-to-end process walkthroughs to identify the controls used in the impairment loss allowance processes; • Tested the design and the operating effectiveness of relevant internal controls, including the IT controls relevant to the impairment loss allowance process.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	The estimation of impairment loss allowance on loan assets involves significant judgement and estimates, which are subject to uncertainty, and involves applying appropriate measurement principles in case of loss events. ECL is calculated using the percentage of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each of the stages of loan portfolio. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book in buckets based on common risk characteristics; • Staging of loans and in particular determining the criteria, which includes qualitative factors for identifying a significant increase in credit risk (i.e. Stage 2) and credit-impaired (i.e. Stage 3); • factoring in future macro-economic and industry specific estimates and forecasts; • past experience and forecast data on customer behaviour on repayments and; • varied statistical modelling techniques to determine probability of default, loss given default and exposure at default basis, the default history of loans, subsequent recoveries made and other relevant factors using probability-weighted scenarios. Considering the significance of the above matter to the Financial Statements and since the matter required significant attention to test the calculation of ECL, we identified this as a key audit matters for current year audit.	• Verified the completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors; • Checked the appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio. **Performed the following substantive procedures on sample of loan assets:** • Tested appropriateness of staging of borrowers based on days past due ("DPD") and other loss indicators; • Tested the factual accuracy of information such as period of default, ratings (wherever applicable) and other related information used in estimating the PD; • Evaluated the reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired and other applicable assumptions included in LGD computation; • Evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model; • Tested the completeness of loans included in the ECL calculations as of March 31, 2024 by reconciling such data with the balances as per loan book register; and • Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
2	**Information Technology ("IT") systems and controls impacting financial controls** The Company key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.	**Key IT audit procedures performed included the following, but not limited to:** • For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Company IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by Management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.	• Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules thereunder. 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

- Conclude on the appropriateness of management and Board of Director'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 standalone 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 financial statements, including the disclosures, and whether the standalone 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 financial statements for the year ended March 31, 2024 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.

Other Matter

The Statement of the Company for the year ended March 31, 2023 was audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion on those standalone financial statements.

Our opinion is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Rules thereunder. .

   (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (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 Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 34 of the standalone financial statements.

      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.

      iv. a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41.2 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      b. The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 41.2 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Act as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. Based on our examination, the Company has used an accounting softwares for maintaining its books of account which has/have a feature of recording audit trail (edit log) facility. The audit trail feature has been operated throughout the year for all transactions recorded in the accounting software(s). Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

Mumbai
April 29, 2024

"Annexure A" to Independent Auditors' Report

of Even date on the Standalone Financial Statements of IndoStar Capital Finance Limited for the year ended March 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

(a) B The Company has maintained proper records showing full particulars of intangible assets.

(b) All the Property, Plant and Equipment and right of use assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements, are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.

ii. (a) The Company is involved in the business of rendering services and does not hold any inventory. Accordingly, the provisions stated under clause 3(ii)(a) of the Order are not applicable to the Company.

(b) During the year the Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from Banks and/ financial institutions on the basis of security of Loan assets. Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly returns / statements filed with such Banks/ financial institutions are in agreement with the books of accounts of the Company.

iii. (a) As explained in Note 1 to the Financial Statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the RBI and as part of its business activities, is engaged in the business of lending across various types of loans. The Company's principal business is to give loans and is a registered NBFC. Accordingly, provisions stated under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, securities given and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made, guarantees provided and securities given are not prejudicial to the interest of the Company.

(c) In respect of the aforesaid loans and advances in nature of loans, the schedule of repayment of principal and payment of interest have been stipulated by the Company. Considering that the Company is a

Non-Banking Financial Company engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been detailed hereunder because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 45 to the standalone financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days, on the loans and advances in the nature of loans, are as follows:

No. of Cases	Principal amount overdue (in lakhs)	Interest overdue (in lakhs)	Total overdue (in lakhs)	Remarks (if any)
14,939	59,607.12	19,992.65	79,599.78	According to the information and explanation given to us, reasonable steps have been taken by the Company for recovery of principal amount and interest.

(e) The company's principal business is to give loans and is a registered NBFC, accordingly, provisions stated under clause 3(iii)(e) of the Order is not applicable.

(f) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees and security made, as applicable.

v. According to the information and explanations given to us, the Company being Non-Banking Financial Company registered with RBI, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated under clause 3(vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31,2024, outstanding for a period of more than six months from the date they became payable.

vii. (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues relating to goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company.

ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, reporting under Clause 3(ix)(f) of the order is not applicable to the Company.

x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.

xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.

(b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in the Note 32 of standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 – 'Using the work of Internal Auditors'.

xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Companies Act, 2013 in clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) as Non-Deposit taking Systemically Important (NBFC-ND-SI) Company.

(b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company (as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the order are not applicable to the Company.

xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.

xviii. There has been resignation of the statutory auditor during the year due to regulatory requirements, however there were no issues, objections or concerns raised by the outgoing auditor.

xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 47 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

Mumbai
April 29, 2024

"Annexure B" to Independent Auditors' Report

of even date on the Standalone Financial Statements of Indostar Capital Finance Limited

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of IndoStar Capital Finance Limited on the Financial Statements for the year ended March 31, 2024]

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 with reference to Standalone Financial Statements of the "Company" as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company, including has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2024, based on the internal control with reference to Standalone Financial Statements 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 (ICAI) (the "Guidance Note").

Management and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI 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 with reference to Standalone 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone 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 Standalone 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 Company's internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A company's internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to Standalone 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

Mumbai
April 29, 2024

INDOSTAR

Balance Sheet

as at 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	38,773.39	16,500.70
Bank balances other than cash and cash equivalents	4	29,175.78	20,343.50
Loans	5	598,730.29	519,561.53
Investments	6	157,092.38	145,705.73
Other financial assets	7	33,758.70	33,419.56
		857,530.54	**735,531.02**
Non-financial assets			
Current tax assets (net)	8	7,539.22	5,376.00
Deferred tax assets (net)	9	31,651.53	31,643.62
Property, plant and equipment	10	5,567.39	4,788.71
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Other intangible assets	12	1,070.68	2,034.77
Other non-financial assets	13	4,335.48	3,234.49
		81,482.99	**78,396.28**
TOTAL ASSETS		**939,013.53**	**813,927.30**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		114.85	7.62
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		15.47	727.63
Debt securities	15	328,775.09	110,886.95
Borrowings (other than debt securities)	16	276,167.94	370,421.44
Other financial liabilities	17	22,481.59	28,211.11
		627,554.94	**510,254.75**
Non-financial liabilities			
Provisions	18	529.50	465.66
Other non-financial liabilities	19	724.63	951.60
		1,254.13	**1,417.26**
TOTAL LIABILITIES		**628,809.07**	**511,672.01**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	296,596.53	288,647.36
TOTAL EQUITY		**310,204.46**	**302,255.29**
TOTAL LIABILITIES AND EQUITY		**939,013.53**	**813,927.30**

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

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

Tushar Kurani
Partner
Membership No. 118580

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Place: Mumbai
Date: 29 April 2024

Statement of Profit and Loss

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	22		
Interest income		91,478.94	88,947.05
Fees and commission income		5,123.21	4,706.70
Net gain on fair value changes		2,147.32	2,511.40
Net gain on derecognition of financial instruments measured at amortised cost category		11,668.14	722.80
Total revenue from operations		**110,417.61**	**96,887.95**
Other income	23	2,105.06	2,420.15
Total income		**112,522.67**	**99,308.10**
Expenses			
Finance costs	24	58,114.60	51,801.92
Impairment on financial instruments	25	8,306.69	(4,013.46)
Employee benefit expenses	26	21,180.93	13,583.17
Depreciation and amortisation expenses	27	2,766.37	3,634.76
Other expenses	28	14,992.71	15,574.66
Total expenses		**105,361.30**	**80,581.05**
Profit before tax		**7,161.37**	**18,727.05**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	-
3. Deferred tax expenses		-	-
Total tax expenses		**-**	**-**
Profit/(loss) after tax		**7,161.37**	**18,727.05**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(42.90)	119.17
- Income tax relating to items that will not be reclassified to profit or loss		10.80	(29.99)
		(32.10)	**89.18**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		11.47	(16.72)
- Income tax relating to items that will be reclassified to profit or loss		(2.89)	4.20
		8.58	**(12.52)**
Other comprehensive income for the year, net of tax		**(23.52)**	**76.66**
Total comprehensive income for the year		**7,137.85**	**18,803.71**
Earnings per equity share	30		
Basic earnings per share (₹)		5.26	13.76
Diluted earnings per share (₹)		5.26	13.76
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

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

Tushar Kurani
Partner
Membership No. 118580

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Place: Mumbai
Date: 29 April 2024

Statement of Cash flows

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A	**Cash Flow from Operating Activities**		
	Profit / (loss) before tax	7,161.37	18,727.05
	Adjustments for :		
	Interest income on financial assets	(91,478.94)	(88,947.05)
	Finance costs	58,114.60	51,801.92
	Depreciation and amortisation expense	2,766.37	3,634.76
	Loss on sale of property plant and equipment	22.55	27.11
	Impairment on financial instruments	8,306.69	(4,013.46)
	Provision for employee benefits	157.31	186.20
	Employee share based payment expense	812.34	(4,375.16)
	Net gain on fair value changes	(2,147.32)	(2,511.40)
	Net gain on derecognition of financial instruments measured at amortised cost category	(11,668.14)	(722.80)
		(27,953.17)	**(26,192.83)**
	Interest income realised on financial assets	90,889.36	95,250.92
	Finance costs paid	(61,536.79)	(56,293.31)
	Cash generated from operating activities before working capital changes	**1,399.40**	**12,764.78**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(162,945.19)	120,639.79
	(Increase)/Decrease in other financial assets	(309.87)	(23,797.36)
	(Increase)/Decrease in other non-financial assets	(1,100.99)	(289.09)
	Increase/(Decrease) in trade payable	(604.93)	494.44
	Increase/(Decrease) in other financial liabilities	(5,953.11)	(15,231.83)
	Increase/(Decrease) in other non-financial liabilities	(226.97)	380.54
	Cash (used in)/generated from operating activities	**(169,741.66)**	**94,961.27**
	Taxes (paid) / refund	(2,163.22)	1,260.87
	Net cash (used in)/generated operating activities (A)	**(171,904.88)**	**96,222.14**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(840.00)	(462.29)
	Sale of property, plant and equipment	7.77	14.01
	Purchase of intangible assets	(27.20)	(1,621.25)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(8,832.28)	18,524.45
	(Acquisition)/redemption of investments measured at FVTPL (net)	58,086.00	(40,747.71)
	(Acquisition)/redemption of investments measured at FVOCI (net)	(4,020.66)	(9,494.06)
	(Acquisition)/redemption of investments measured at amortised cost (net)	23,065.49	10,479.23
	Net cash generated from/(used in) investing activities (B)	**67,439.12**	**(23,307.62)**
C	**Cash Flow from financing activities**		
	Proceeds from bank borrowings	190,316.60	280,098.46

Statement of Cash flows

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Repayments towards bank borrowings	(286,266.42)	(257,877.76)
Proceeds from issuance of Non-Convertible Debentures	245,500.00	90,000.00
Repayments towards Non-Convertible Debentures	(29,790.00)	(129,000.00)
Proceeds from Commercial Papers	55,300.00	30,000.00
Repayments towards Commercial Papers	(47,500.00)	(75,500.00)
Payment of lease liabilities	(821.73)	(1,314.75)
Net cash generated from/(used in) financing activities (C)	**126,738.45**	**(63,594.05)**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**22,272.69**	**9,320.47**
Cash and Cash Equivalents at the beginning of the year	**16,500.70**	**7,180.23**
Cash and Cash Equivalents at the end of the year	**38,773.39**	**16,500.70**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	400.27	314.49
Balances with banks		-
- in current accounts	12,368.85	11,682.07
Deposits with original maturity of less than three months	26,004.27	4,504.14
Total	**38,773.39**	**16,500.70**

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Mumbai
Date: 29 April 2024

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2024	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93

(b) Other equity

Particulars	Reserves and surplus						Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45(IC)	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2023	**292,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**288,647.36**
Profit after tax for the year	-	-	-	-	-	7,161.37	-	7,161.37
Debt instruments through other comprehensive income	-	-	-	-	-	-	8.58	8.58
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	(32.10)	-	(32.10)
	-	**-**	**-**	**-**	**-**	**7,129.27**	**8.58**	**7,137.85**
Transferred from Retained earnings	-	1,432.27	-	-	-	(1,432.27)	-	-
Share based payment expense	-	-	-	811.32	-	-	-	811.32
Transfer from ESOP reserves	-	-	-	(763.40)	763.40	-	-	-
Balance at 31 March 2024	**292,207.63**	**31,083.07**	**0.43**	**2,122.74**	**3,447.24**	**(32,260.64)**	**(3.94)**	**296,596.53**
(ii) Balance at 1 April 2022	292,207.63	25,905.39	0.43	7,081.96	2,026.78	(53,028.46)	-	274,193.73
Profit after tax for the year	-	-	-	-	-	18,727.05	-	18,727.05
Debt instruments through other comprehensive income	-	-	-	-	-	-	(12.52)	(12.52)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	89.18	-	89.18
	-	**-**	**-**	**-**	**-**	**18,816.23**	**(12.52)**	**18,803.71**
Transferred from Retained earnings	-	3,745.41	-	-	-	(3,745.41)	-	-
Share based payment expense (refer note 26)	-	-	-	(4,350.08)	-	-	-	(4,350.08)
Transfer from ESOP reserves	-	-	-	(657.06)	657.06	-	-	-
Balance at 31 March 2023	**292,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**288,647.36**

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Mumbai
Date: 29 April 2024

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate No. N-13.02109. The Company is primarily engaged in lending business. The Company has been classified as Middle Layer as per Master Direction-Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 October 2023, as amended. The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024.

2 Basis of Preparation and Material accounting policies

2.1 Statement of compliance with Indian Accounting Standards ('Ind AS')

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties.

2.3 Material Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the 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

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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.

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics 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 determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both. 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 amortization is included in interest income in the statement of profit or loss. The losses arising

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

from impairment are recognised in the statement of profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(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 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 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.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(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.

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b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are 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 equipment

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

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 asset's 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

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and maintenance expenses 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
Computers	3 years	3 years
Office Equipment	5 years	5 years
Office Equipment - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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 gain is recognised directly in equity as capital

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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, undrawn loan commitments (referred to as 'financial instruments').

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 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 90 days. 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.

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) **Definition of default**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22 dated November 12, 2021.

(c) **Calculation of ECL:**

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

ECL on Trade Receivables:
The Company applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Company is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk
The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial

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PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID-19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of

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the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/ loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(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

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Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the 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 AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract(s);

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract(s);

Step 5: Recognise revenue when (or as) the Company 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

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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) Fees and commission income

Fees and commission income 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) 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

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions :

In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the 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.

(i) Sourcing and servicing fee

The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised

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over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

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) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/ losses are immediately taken to Statement of profit and loss account and are not deferred.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

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k) **Ind AS 116 Leases**

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. **Determination of lease term**

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount Rate**

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) **Foreign currency translation**

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) **Taxes**

(i) **Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) **Deferred tax**

Deferred tax is provided on temporary differences at the reporting date

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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.

(iii) Indirect tax

Expenses and assets are recognized net of the Goods and Services Tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax paid is recognized as part of the cost of acquisition of the asset or as part of the respective expense item, as applicable.

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 recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure) (net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/ (expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at bank and cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections for impairment assessment of goodwill etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;

- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

2.6 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents		
Cash on hand	400.27	314.49
Balances with banks		
- in current accounts	12,368.85	11,682.07
Deposits with original maturity of less than three months	26,004.27	4,504.14
	38,773.39	**16,500.70**

Note 4

Particulars	As at 31 March 2024	As at 31 March 2023
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	1,652.74	21.50
Earmarked deposits with banks	27,523.04	20,322.00
	29,175.78	**20,343.50**

Note 5

Particulars	As at 31 March 2024	As at 31 March 2023
Loans		
At amortised cost		
Business Loans		
Corporate lending	40,851.33	123,176.21
Small and medium enterprises lending (SME)	31,679.68	108,044.88
Commercial vehicle lending	554,865.24	340,293.96
Other loans	2,405.14	2,214.37
Total - Gross	**629,801.39**	**573,729.42**
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net	**598,730.29**	**519,561.53**
(a) Secured by tangible assets	620,366.15	555,087.38
(b) Unsecured	9,435.24	18,642.04
Total - Gross	**629,801.39**	**573,729.42**
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net	**598,730.29**	**519,561.53**
Loans in India		
(a) Public sector	-	-
(b) Others	629,801.39	573,729.42
Total - Gross	**629,801.39**	**573,729.42**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net (a)	**598,730.29**	**519,561.53**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**598,730.29**	**519,561.53**

Footnotes:

i) Security receipts are presented as part of "Note 6 - Investments"

ii) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of property and or equipment.

iv) Also refer Note 32.

Note 6

Investments

Investments as at 31 March 2024

Particulars	Amortised cost	At Fair Value		Others	Total
		Through other comprehensive income	Through profit and loss	At cost	
Mutual funds	-	-	16,723.44	-	16,723.44
Security Receipts	117,530.96	-	-	-	117,530.96
Treasury Bills	-	14,210.78	-	-	14,210.78
Subsidiaries	-	-	-	45,270.58	45,270.58
Total - Gross	**117,530.96**	**14,210.78**	**16,723.44**	**45,270.58**	**193,735.76**
Investments in India	117,530.96	14,210.78	16,723.44	45,270.58	193,735.76
Investments outside India	-	-	-	-	-
Total - Gross	**117,530.96**	**14,210.78**	**16,723.44**	**45,270.58**	**193,735.76**
Less: Impairment loss allowance	(36,643.38)	-	-	-	(36,643.38)
Total - Net	**80,887.58**	**14,210.78**	**16,723.44**	**45,270.58**	**157,092.38**

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,269.58	100%
Total	**45,270.58**	

** includes cross charge of ₹ 269.58 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Investments as at 31 March 2023

Particulars	Amortised cost	At Fair Value		Others	Total
		Through other comprehensive income	Through profit and loss	At cost	
Mutual funds	-	-	72,662.12	-	72,662.12
Security Receipts	42,871.31	-	-	-	42,871.31
Treasury Bills	-	9,477.34	-	-	9,477.34
Subsidiaries	-	-	-	45,271.60	45,271.60
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**170,282.37**
Investments in India	42,871.31	9,477.34	72,662.12	45,271.60	170,282.37
Investments outside India	-	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**170,282.37**
Less: Impairment loss allowance	(24,576.64)	-	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**72,662.12**	**45,271.60**	**145,705.73**

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,270.60	100%
Total	**45,271.60**	

* includes cross charge of ₹ 270.60 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Note 7

Particulars	As at 31 March 2024	As at 31 March 2023
Other financial assets		
Security deposit	624.71	2,576.07
Assignment receivables	1,309.43	2,404.35
Deposits with Trustee for securitisation*	26,337.33	24,390.88
Other receivables	5,755.78	4,346.08
	34,027.25	**33,717.38**
Less: Impairment loss allowance	(268.55)	(297.82)
	33,758.70	**33,419.56**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 8

Particulars	As at 31 March 2024	As at 31 March 2023
Current tax assets (net)		
Advance tax (net of provision)	7,539.22	5,376.00
	7,539.22	**5,376.00**

Note 9

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	17,390.69	20,366.64
Provision for gratuity	96.95	90.00
Provision for compensated absences	36.31	26.99
Debt instruments through OCI	(2.89)	4.20
Lease liabilities	91.12	57.95
Income amortisation	(500.68)	(124.62)
Other items of disallowance	-	121.29
Depreciation on PPE and intangible assets	909.28	825.88
Carried forward book losses	24,012.02	19,575.18
Total (A)	**42,032.80**	**40,943.51**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(329.56)	(605.13)
Borrowing cost amortisation	(2,496.61)	(1,139.66)
Total (B)	**(10,381.27)**	**(9,299.89)**
Net deferred tax asset (A-B) (also refer Note 29)	**31,651.53**	**31,643.62**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 10
Property, plant and equipment

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Cost as at 1 April 2022	**15.05**	**812.94**	**5,320.45**	**712.91**	**3,548.35**	**5,885.92**	**16,295.62**
Additions	-	30.61	281.33	68.62	81.73	1,035.81	1,498.10
Disposals	-	(84.30)	(1,163.20)	(25.52)	(83.06)	(3,351.79)	(4,707.87)
Cost as at 31 March 2023 (A)	**15.05**	**759.25**	**4,438.58**	**756.01**	**3,547.02**	**3,569.94**	**13,085.85**
Additions	-	12.03	23.72	32.27	771.98	2,381.33	3,221.33
Disposals	-	(17.84)	(112.29)	(10.42)	(45.19)	(1,047.91)	(1,233.65)
Cost as at 31 March 2024 (A)	**15.05**	**753.44**	**4,350.01**	**777.86**	**4,273.81**	**4,903.36**	**15,073.53**
Accumulated depreciation as at 1 April 2022	**-**	**514.18**	**3,600.88**	**457.69**	**2,194.08**	**2,590.73**	**9,357.56**
Depreciation for the year	-	151.02	985.43	116.45	600.53	1,091.10	2,944.53
Disposals	-	(82.29)	(1,124.74)	(25.05)	(82.88)	(2,689.99)	(4,004.95)
Accumulated depreciation as at 31 March 2023 (B)	**-**	**582.91**	**3,461.57**	**549.09**	**2,711.73**	**991.84**	**8,297.14**
Depreciation for the year	-	14.38	414.68	51.41	573.63	720.98	1,775.08
Disposals	-	(17.84)	(82.35)	(10.42)	(44.81)	(410.66)	(566.08)
Accumulated depreciation as at 31 March 2024 (B)	**-**	**579.45**	**3,793.90**	**590.08**	**3,240.55**	**1,302.16**	**9,506.14**
Net carrying amount as at 31 March 2024 (A) - (B)	**15.05**	**173.99**	**556.11**	**187.78**	**1,033.26**	**3,601.20**	**5,567.39**
Net carrying amount as at 31 March 2023 (A) - (B)	**15.05**	**176.34**	**977.00**	**206.92**	**835.29**	**2,578.10**	**4,788.71**

** Mortgaged as security against Secured Non-convertible Debentures*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2024	As at 31 March 2023
Assets acquired in satisfaction of claim	1,708.88	1,708.88
Less: Provision	(408.88)	(408.88)
	1,300.00	**1,300.00**

Note 12

a) Goodwill

DESCRIPTION	Total
Cost as at 1 April 2022	30,018.69
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2024 (A)	**30,018.69**
Accumulated impairment as at 1 April 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Addition	-
Accumulated impairment as at 31 March 2024 (B)	**-**
Net carrying amount as at 31 March 2024 (A) - (B)	**30,018.69**
Net carrying amount as at 31 March 2023 (A) - (B)	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2024. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 19%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

b) Other intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 2022	**2,156.43**	**2,156.43**
Additions	1,621.25	1,621.25
Disposals	-	-
Cost as at 31 March 2023 (A)	**3,777.68**	**3,777.68**
Additions	27.20	27.20
Disposals	-	-
Cost as at 31 March 2024 (A)	**3,804.88**	**3,804.88**
Accumulated amortisation as at 1 April 2022	**1,052.68**	**1,052.68**

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

DESCRIPTION	Computer Software	Total
Amortisation recognised for the year	690.23	690.23
Disposals	-	-
Accumulated amortisation as at 31 March 2023 (B)	**1,742.91**	**1,742.91**
Amortisation recognised for the year	991.29	991.29
Disposals	-	-
Accumulated amortisation as at 31 March 2024 (B)	**2,734.20**	**2,734.20**
Net carrying amount as at 31 March 2024 (A) - (B)	**1,070.68**	**1,070.68**
Net carrying amount as at 31 March 2023 (A) - (B)	**2,034.77**	**2,034.77**

Note 13

Particulars	As at 31 March 2024	As at 31 March 2023
Other non-financial assets		
Prepaid expenses	1,233.02	1,269.22
Advances recoverable in cash or in kind or for value to be received	3,102.46	1,965.27
	4,335.48	**3,234.49**

Note 14

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables		
Dues to Micro, small and medium enterprises	114.85	7.62
Dues to Others	15.47	727.63
	130.32	**735.25**

Footnote : Also refer Note 36

Note 15

Debt securities

Particulars	As at 31 March 2024	As at 31 March 2023
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	321,565.56	110,886.95
Commercial paper (net of unamortised discount) (Refer note (b) below)	7,209.53	-
	328,775.09	**110,886.95**
Debt securities in India	328,775.09	110,886.95
Debt securities outside India	-	-
Total	**328,775.09**	**110,886.95**
Secured	292,067.78	110,886.95
Unsecured	36,707.31	-
Total	**328,775.09**	**110,886.95**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 9.75% <= 10.25%	>= 7.78% <= 11.40%
	Amount	Amount
0-12 Months	116,253.22	32,010.35
12-24 Months	156,544.57	78,876.60
24-36 Months	48,767.77	-
Total	**321,565.56**	**110,886.95**

Nature of Security:

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

   (i) First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset, as may be identified by the Company of ₹ 515,805 lakhs (March 2023: ₹ 459,596 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.

(b) Commercial papers

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 8.90% <= 10.15%	-
	Amount	Amount
0-12 Months	7,209.53	-
Total	**7,209.53**	**-**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 16

Borrowings

At amortised cost

Particulars	As at 31 March 2024	As at 31 March 2023
Term loans		
Term loans from Banks (Refer note (a) below)*	72,707.81	208,043.70
Term loans from Financial Institutions (Refer note (a) below)*	23,962.25	25,023.11
Loans repayable on demand		
Working capital demand loans from banks **	32,885.13	25,784.06
Other borrowings	146,612.75	111,570.57
Total	**276,167.94**	**370,421.44**
Borrowings in India	276,167.94	370,421.44
Borrowings outside India	-	-
Total	**276,167.94**	**370,421.44**
Secured borrowings	276,167.94	299,977.23
Unsecured borrowings	-	70,444.21
Total	**276,167.94**	**370,421.44**

(a) Term loan from banks/FI :

Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>=8.10% <= 12.00%	>=8% <= 11.50%
	Amount	Amount
0-12 Months	50,677.09	89,102.85
12-24 Months	30,478.25	114,033.00
24-36 Months	13,761.46	21,477.39
36-48 Months	1,753.26	8,354.12
48-60 Months	-	99.45
Total	**96,670.06**	**233,066.81**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of provisions) of the Company and / or cash / cash equivalent and / or such other asset*

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

 # also refer 31(F)

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(b) Working capital demand loans:
Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 7.28% <= 9.52%	>= 9.10% <= 12.51%
	Amount	Amount
0-12 Months	32,885.13	25,784.06
Total	**32,885.13**	**25,784.06**

 # also refer 31(F)

(c) Other borrowings
Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 7.70% <= 10.50%	>= 7% <= 10.50%
	Amount	Amount
0-12 Months	61,568.24	42,068.96
12-24 Months	48,718.13	34,123.81
24-36 Months	20,161.45	9,220.84
36-48 Months	1,554.48	1,886.63
48-60 Months	1,712.28	1,969.84
Above 60 Months	12,898.17	22,300.49
Total	**146,612.75**	**111,570.57**

 # also refer 31(F)

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

Note 17

Particulars	As at 31 March 2024	As at 31 March 2023
Other financial liabilities		
Book overdraft	255.31	1,095.91
Employee benefits payable	3,027.57	2,282.94
Unamortised lease liabilities	3,923.54	2,749.03
Others	15,275.17	22,083.23
	22,481.59	**28,211.11**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 18

Particulars	As at 31 March 2024	As at 31 March 2023
Provisions		
Provision for employee benefits:		
- Gratuity	385.22	357.60
- Compensated absences	144.28	107.26
Others :		
- Expected credit loss on undrawn loan commitments	-	0.80
	529.50	**465.66**

Note 19

Particulars	As at 31 March 2024	As at 31 March 2023
Non-financial liabilities		
Statutory dues payable	724.63	951.60
	724.63	**951.60**

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	187,500,000	18,750.00	152,500,000	15,250.00
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each	12,500,000	1,250.00	12,500,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	136,079,295	13,607.93	136,079,295	13,607.93
Total	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	136,079,295	13,607.93	136,079,295	13,607.93
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%

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 equity share capital

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%
Indostar Capital (Mauritius)	Promoter	23,262,583	17.09%	41,467,583	30.47%

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.

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 of Capital Management

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.

(g) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2024			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	23,262,583	17.09%	(13.38%)
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	41,467,583	30.47%	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 21

Particulars	As at 31 March 2024	As at 31 March 2023
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	31,083.07	29,650.80
Securities premium	292,207.63	292,207.63
Share options outstanding account	2,122.74	2,074.82
General reserve	3,447.24	2,683.84
Retained earnings	(32,260.64)	(37,957.65)
Debt instruments through other comprehensive income	(3.94)	(12.51)
	296,596.53	**288,647.36**

21.1 Other equity movement

Particulars	As at 31 March 2024	As at 31 March 2023
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	29,650.80	25,905.39
Add : Transferred from surplus	1,432.27	3,745.41
Closing Balance	**31,083.07**	**29,650.80**
Securities premium		
Opening Balance	292,207.63	292,207.63
Less : Share issue expenses	-	-
Add: Transfer from ESOP reserves	-	-
Add : Premium collected on share allotment	-	-
Closing Balance	**292,207.63**	**292,207.63**
Share options outstanding account		
Opening Balance	2,074.82	7,081.96
Movement during the year	47.92	(5,007.14)
Closing Balance	**2,122.74**	**2,074.82**
General reserve		
Opening Balance	2,683.84	2,026.78
Movement during the year	763.40	657.06
Closing Balance	**3,447.24**	**2,683.84**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Retained earnings		
Opening Balance	(37,957.64)	(53,028.46)
Add: Remeasurement of defined benefit obligations	(32.10)	89.18
Add: Transferred from the statement of profit and loss	7,161.37	18,727.05
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(1,432.27)	(3,745.41)
Less: Payment of dividend on CCPS	-	-
Closing Balance	**(32,260.64)**	**(37,957.64)**
Other Comprehensive Income		
Opening balance	(12.52)	-
Add: Debt instruments through other comprehensive income	8.58	(12.52)
Closing balance	**(3.94)**	**(12.52)**

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

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

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forfeiture of vested options by employees.

Debt instruments through other comprehensive income

It includes gain/(loss) on fair valuation of investment in treasuy bills

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	87,578.87	86,393.11
Interest on investments		
- Debt instruments	118.95	159.71
Interest on deposits		
- Deposits with banks	1,644.78	1,449.67
- Deposits with Trustees	1,435.03	666.93
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	701.31	277.63
	91,478.94	**88,947.05**
Fees and commission income		
- Fees Income	4,647.13	4,706.70
- Insurance Income	476.08	-
	5,123.21	**4,706.70**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,147.32	2,511.40
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	-
Total fair value changes	**2,147.32**	**2,511.40**
Fair value changes:		
- Realised	2,124.65	2,346.07
- Unrealised	22.67	165.33
Total fair value changes	**2,147.32**	**2,511.40**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	11,668.14	-
- Assignment Income	-	722.80
	11,668.14	**722.80**
Total	**110,417.61**	**96,887.95**

Note 23

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Other income		
Miscellaneous income	120.20	93.39
Shared service cost recovery	1,686.53	1,983.12
Interest on income tax refund	298.33	343.64
	2,105.06	**2,420.15**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	18,844.89	29,255.14
Other borrowings (including Inter Corporate Deposits)	11,442.68	12,296.72
Interest expense on debt securities		
Debentures	25,919.78	7,083.30
Commercial paper	1,203.87	1,797.36
Other interest expense		
Bank charges & other related costs	703.38	1,369.40
	58,114.60	**51,801.92**

Note 25

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(11,030.05)	(51,130.84)
Financial assets written off (net of recovery)	20,453.30	48,012.33
Impairment on others		
Undrawn loan commitments	(0.80)	(29.32)
Provision on co-lending arrangements	(1,086.49)	(897.47)
Others	(29.27)	31.84
	8,306.69	**(4,013.46)**

Note 26

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Employee Benefits Expenses		
Salaries, other allowances and bonus	18,874.51	16,970.39
Gratuity expenses	107.37	171.52
Compensated absences	49.94	14.68
Contribution to provident and other funds	750.41	667.76
Staff welfare expenses	586.36	133.98
Share based payment expense	812.34	(4,375.16)
	21,180.93	**13,583.17**

Footnote : During the quarter ended 31st March 2023, certain employees to whom stock options issued in accordance with ESOP plans disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to ₹ 4,421.94 lakh for the year ended 31 March 2023.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 27

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation		
Depreciation of property, plant and equipment (PPE)	1,775.08	2,944.53
Amortisation of intangible assets	991.29	690.23
	2,766.37	**3,634.76**

Note 28

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Other Expenses		
Rent	979.49	1,009.97
Rates & taxes	127.69	0.94
Printing and stationery	261.41	105.08
Travelling & conveyance	1,184.35	1,012.60
Advertisement	41.11	68.93
Business Promotion	29.28	11.55
Commission & brokerage	64.29	10.80
Office expenses	1,933.85	1,944.28
Directors' fees & commission	34.95	40.54
Insurance	618.90	528.16
Communication expenses	615.01	513.77
Payment to auditors (note below)	193.46	388.63
IT Support charges	2,571.76	2,101.73
Legal & professional charges	6,196.75	7,688.70
Loss on sale of property plant and equipment	22.55	27.11
Membership & subscriptions	76.78	96.62
Other fees and commission	41.08	25.25
	14,992.71	**15,574.66**
Payment to auditor includes:		
a) Statutory Audit	158.00	341.01
b) Certifications	17.25	8.50
c) Others	18.21	39.12
Total	**193.46**	**388.63**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	-
b) Amount of expenditure incurred	-	-
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for short fall	NA	NA
f) Nature of CSR activities	-	-
g) Details of related party transactions	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Tax expense for the year	-	-

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	(42.90)	10.80	(32.10)	119.17	(29.99)	89.18
- Debt instruments through other comprehensive income	11.47	(2.89)	8.58	(16.72)	4.20	(12.52)
	(31.43)	**7.91**	**(23.52)**	**102.45**	**(25.79)**	**76.66**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit/(loss) before tax	**7,161.37**	**18,727.05**
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	1,802.37	4,713.22
Difference in tax rate due to:		
- Effect of non-deductible expenses	63.83	23.28
- Tax expense of earlier years	-	-
- Others	(1,866.20)	(4,736.50)
Total tax expense	**-**	**-**
Effective tax rate	**-**	**-**
Current tax	-	-
Tax of earlier years	-	-
Deferred tax	-	-
	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2024			
	Net balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	20,366.64	(2,975.95)	-	17,390.69
Provision for gratuity	90.00	(3.85)	10.80	96.95
Provision for leave encashment	26.99	9.32	-	36.31
Debt instruments through OCI	4.20	(4.20)	(2.89)	(2.89)
Income amortisation	(124.62)	(376.06)	-	(500.68)
Depreciation on PPE and intangible assets	825.88	83.40	-	909.28
Lease liabilities	57.95	33.17	-	91.12
Carried forward losses	19,575.18	4,436.84	-	24,012.02
Other items of disallowance	121.29	(121.29)	-	-
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(605.13)	275.57	-	(329.56)
Borrowing cost amortisation	(1,139.66)	(1,356.95)	-	(2,496.61)
Deferred tax assets / (Liabilities)	**31,643.62**	**-**	**7.91**	**31,651.53**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2023			
	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	32,731.69	(12,365.05)	-	20,366.64
Provision for gratuity	113.66	6.33	(29.99)	90.00
Provision for leave encashment	32.79	(5.80)	-	26.99
Debt instruments through OCI	-	-	4.20	4.20
Income amortisation	128.27	(252.89)	-	(124.62)
Depreciation on PPE and intangible assets	682.80	143.08	-	825.88
Lease liabilities	43.37	14.58	-	57.95
Carried forward losses	6,005.75	13,569.43	-	19,575.18
Other items of disallowance	581.14	(459.85)	-	121.29
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(611.79)	6.66	-	(605.13)
Borrowing cost amortisation	(483.17)	(656.49)	-	(1,139.66)
Deferred tax assets / (Liabilities)	**31,669.41**	**0.00**	**(25.79)**	**31,643.62**

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan.

Deferred tax asset of ₹ 2,515.88 lakhs (Previous year: ₹ 4,584.61 lakhs) on Unused Carried forward losses is yet to be recognized.

Notes to the financial statements

for the year ended 31 March 2024

(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 2024	For the year ended 31 March 2023
i.	**Profit attributable to equity holders (A)**		
	Profit/(loss) attributable to equity holders for basic and diluted EPS	7,161.37	18,727.05
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	136,079,295	136,079,295
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	136,135,973	136,079,428
iv.	**Basic earnings per share (₹) (A/B)**	5.26	13.76
v.	**Diluted earnings per share (₹) (A/C)**	5.26	13.76

Note 31

Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

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

B. Risk Management Framework:

The Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

The Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Company has a an established risk reporting

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and monitoring framework. The Company identifies and monitors risks periodically. This Process enables the company to reassess all the critical risks in a changing environment that need to be focused on.

C. Risk governance structure:

The Company's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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(Currency : Indian Rupees in Lakhs)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

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 2024							
	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	16,723.44	-	-	16,723.44	16,723.44	-	-	16,723.44
(b) Investments in Security Receipts	-	-	80,887.58	80,887.58	-	-	80,887.58	80,887.58
(c) Treasury Bills	-	14,210.78	-	14,210.78	14,210.78	-	-	14,210.78
Total	**16,723.44**	**14,210.78**	**80,887.58**	**111,821.80**	**30,934.22**	**-**	**80,887.58**	**111,821.80**

** based on NAV statements and other information received from ARC and adjusted for Expected credit losses.*

Particulars	As at 31 March 2023							
	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	72,662.12	-	-	72,662.12	72,662.12	-	-	72,662.12
(b) Investments in Security Receipts	-	-	18,294.67	18,294.67	-	-	18,294.67	18,294.67
(c) Treasury Bills	-	9,477.34	-	9,477.34	9,477.34	-	-	9,477.34
Total	**72,662.12**	**9,477.34**	**18,294.67**	**100,434.13**	**82,139.46**	**-**	**18,294.67**	**100,434.13**

** based on NAV statements and other information received from ARC and adjusted for Expected credit losses.*

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**42,871.31**	**42,871.31**	**-**	**-**	**41,280.54**	**41,280.54**
New assets originated or purchased	-	-	90,051.90	90,051.90	-	-	12,070.00	12,070.00
Assets derecognised or repaid (excluding write offs)	-	-	(15,392.25)	(15,392.25)	-	-	(10,479.23)	(10,479.23)

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Gross carrying amount closing balance	**-**	**-**	**117,530.96**	**117,530.96**	**-**	**-**	**42,871.31**	**42,871.31**

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	24,576.64	24,576.64	-	-	18,216.64	18,216.64
Incremental provisions (net)	-	-	12,066.74	12,066.74	-	-	6,360.00	6,360.00
Impairment loss allowance - closing balance	**-**	**-**	**36,643.38**	**36,643.38**	**-**	**-**	**24,576.64**	**24,576.64**

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 2024							
	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
Loans covered under Ind AS 109	-	-	598,730.29	598,730.29	-	-	598,730.29	598,730.29
Total	**-**	**-**	**598,730.29**	**598,730.29**	**-**	**-**	**598,730.29**	**598,730.29**

Particulars	As at 31 March 2023							
	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
Loans covered under Ind AS 109	-	-	519,561.53	519,561.53	-	-	519,561.53	519,561.53
Total	**-**	**-**	**519,561.53**	**519,561.53**	**-**	**-**	**519,561.53**	**519,561.53**

** Discounted cash flow approach adopted for fair valuation of loans*

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. commercial vehicle, corporate lending and SME

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

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 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 90 days. 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.

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.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

The calculation of ECL

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:

For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending

2) Small and medium enterprises lending ('SME')

3) Commercial vehicle lending

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

Forward looking information

The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GNI growth
- GDP deflator

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	410,306.00	117,199.41	46,224.01	573,729.42	471,747.78	170,915.70	118,091.93	760,755.41
New assets originated or purchased	456,640.80	8,644.98	3,332.69	468,618.47	145,430.17	5,057.35	2,402.59	152,890.11
Assets derecognised or repaid (excluding write offs)	(235,629.02)	(50,865.68)	(19,541.60)	(306,036.30)	(198,066.54)	(38,867.37)	(42,899.86)	(279,833.77)
Transfers to stage 1	27,933.58	(22,804.02)	(5,129.56)	-	46,463.08	(37,153.75)	(9,309.33)	-
Transfers to stage 2	(79,594.64)	86,040.77	(6,446.13)	-	(43,252.36)	48,670.87	(5,418.51)	-
Transfers to stage 3	(8,705.75)	(21,696.25)	30,402.00	-	(12,016.13)	(9,809.96)	21,826.09	-
Amounts written off (net of recovery)	-	(9,693.89)	(10,759.41)	(20,453.30)	-	(17,484.99)	(30,527.34)	(48,012.33)
Presented under Investment as Security Receipts*	(4,877.00)	(74,367.87)	(6,812.03)	(86,056.90)	-	(4,128.44)	(7,941.56)	(12,070.00)
Gross carrying amount closing balance	**566,073.97**	**32,457.45**	**31,269.97**	**629,801.39**	**410,306.00**	**117,199.41**	**46,224.01**	**573,729.42**

** Presented under Investment as Security Receipts (Refer to note 31(D))*

$Reasonable steps are being taken by the Management for recovery of the principal and interest.

Reconciliation of Impairment loss allowance is given below:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	10,920.45	17,734.39	25,513.05	54,167.89	8,773.28	35,328.51	67,556.94	111,658.73
New assets originated or purchased	11,722.40	548.95	1,528.56	13,799.91	5,849.81	198.57	1,114.79	7,163.17
Assets derecognised or repaid (excluding write offs)	(6,348.95)	(5,335.89)	(9,883.09)	(21,567.93)	(6,704.11)	(10,742.41)	(25,490.81)	(42,937.33)
Transfers to stage 1	4,814.69	(1,962.09)	(2,852.60)	-	10,086.52	(4,851.97)	(5,234.55)	-
Transfers to stage 2	(4,104.03)	7,118.52	(3,014.49)	-	(1,103.15)	4,114.05	(3,010.90)	-
Transfers to stage 3	(2,113.25)	(2,081.65)	4,194.90	-	(1,972.07)	(1,385.26)	3,357.33	-
"Impact on year end ECL of exposures transferred between stages during the year"	(4,463.26)	(203.61)	12,368.43	7,701.56	(3,945.10)	2,508.11	9,976.74	8,539.75
Amounts written off (net of recovery)	(130.45)	(13,522.51)	(9,377.37)	(23,030.33)	(64.73)	(7,435.21)	(22,756.49)	(30,256.43)
Impairment loss allowance - closing balance	**10,297.60**	**2,296.11**	**18,477.39**	**31,071.10**	**10,920.45**	**17,734.39**	**25,513.05**	**54,167.89**

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

F. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

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

As on 31 March 2024

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	130.32	-	-	-	130.32
Debt securities	8,586.26	114,876.48	205,312.35	-	328,775.09
Borrowings (other than debt securities)	35,821.76	109,308.70	118,139.31	12,898.17	276,167.94
Other financial liabilities	18,728.20	528.86	2,856.22	368.31	22,481.59
Total	**63,266.54**	**224,714.04**	**326,307.88**	**13,266.48**	**627,554.94**

Footnote:

Notes:

- *The above inflows and outflows is based on scheduled maturity of the financial instruments.*
- *The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 4,375.00 lakhs scheduled for payment after 31 March 2025 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹ 6,669.00 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.*
- *Also refer note Note 42*

As on 31 March 2023

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	735.25	-	-	-	735.25
Debt securities	14,336.24	17,674.11	78,876.60	-	110,886.95
Borrowings (other than debt securities)	47,238.71	109,717.16	191,165.08	22,300.49	370,421.44
Other financial liabilities	25,089.75	418.18	2,167.76	535.42	28,211.11
Total	**87,399.95**	**127,809.45**	**272,209.44**	**22,835.91**	**510,254.75**

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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

As on 31 March 2024

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	328,775.09	-	-	328,775.09	328,775.09
Borrowings (other than debt securities)	276,167.94	-	-	276,167.94	276,167.94
Total	**604,943.03**	**-**	**-**	**604,943.03**	**604,943.03**

** Discounted cash flow approach adopted for fair valuation of borrowings*

As on 31 March 2023

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	110,886.95	-	-	110,886.95	110,886.95
Borrowings (other than debt securities)	370,421.44	-	-	370,421.44	370,421.44
Total	**481,308.39**	**-**	**-**	**481,308.39**	**481,308.39**

** Discounted cash flow approach adopted for fair valuation of borrowings*

G. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

H. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

I. 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.

The 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 2024	As at 31 March 2023
CRAR – Tier I capital (%)	28.87%	31.55%
CRAR – Tier II capital (%)	0.00%	0.00%
CRAR (%)	**28.87%**	**31.55%**

Note 32

Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**
Brookfield Asset Management Inc.

II. **Holding Company**
BCP V Multiple Holdings Pte. Ltd.

III. **Subsidiary Company**
IndoStar Asset Advisory Private Limited
IndoStar Home Finance Private Limited

IV. **Names of other related parties with whom the Company had transactions during the year:**
Key Managerial Personnel (KMP)
Karthikeyan Srinivasan - CEO & Whole Time Director
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Upfront Fees Paid	1,228.41	4,018.68

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	196.44	209.11
Sitting fees to Non-Executive Independent Directors	34.95	40.54
Reimbursement of expenses	1.62	0.37

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

d) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies
Shared service cost recovery	2024	1,686.53
	2023	2,007.29
Loan given to subsidiary	2024	6,500.00
	2023	9,000.00
Loan (repaid) to subsidiary	2024	(6,500.00)
	2023	(9,000.00)
Interest income on loan to subsidiary	2024	143.85
	2023	299.52

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

Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel*
Investment in subsidiary	2024	-	45,270.58	-
	2023	-	45,271.60	-
Reimbursement of expenses	2024	-	1,979.26	-
	2023	1,351.37	2,329.98	-
Loans outstanding	2024	-	-	2,500.00
	2023	-	-	2,500.00

** interest free loan receivable from KMP (upto 17 April 2022)*

Note 33

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Type of Services or service		
Fees and commission income	5,123.21	4,706.70
Total revenue from contracts with customers	**5,123.21**	**4,706.70**
Geographical markets		
India	5,123.21	4,706.70
Outside India	-	-
Total revenue from contracts with customers	**5,123.21**	**4,706.70**
Timing of revenue recognition		
Services transferred at a point in time	5,123.21	4,706.70
Services transferred over time	-	-
Total revenue from contracts with customers	**5,123.21**	**4,706.70**

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for the year ended 31 March 2024

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Note 34

Contingent liabilities and Commitments

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities:		
Corporate guarantee given by Company to banks	2,375.00	2,875.00
Litigation cases filed against the Company	71.04	-
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	86.95	291.55
Loans sanctioned not yet disbursed	13,380.32	43,254.53

Note 35

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	2,749.03	3,467.38
Add : Adjustments/additions during the year	2,381.33	1,010.62
Add : Interest on lease liability	320.46	306.33
Less : Deletions	(705.55)	(720.55)
Less : Lease rental payments	(821.73)	(1,314.75)
	3,923.54	**2,749.03**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2024	As at 31 March 2023
Not later than one year	1,058.10	785.94
Later than one year but not later than five years	3,551.36	2,141.91
Later than five years	410.83	604.93
	5,020.29	**3,532.78**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability		
Less than 12 months	699.01	545.84
More than 12 months	3,224.53	2,203.19
	3,923.54	**2,749.03**

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(Currency : Indian Rupees in Lakhs)

Note 36

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

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

	Particulars	As at 31 March 2024	As at 31 March 2023
a.	Principal amount remaining unpaid	114.85	7.62
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	0.07
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Company during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As on 31 March 2024

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	114.85	-	-	-	114.85
(ii) Others	15.47	-	-	-	15.47
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As on 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	7.62	-	-	-	7.62
(ii) Others	695.93	31.70	-	-	727.63
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes to the financial statements

for the year ended 31 March 2024

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Note 37

Gratuity and other post-employment benefit plans:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Particulars		As at 31 March 2024	As at 31 March 2023
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	389.90	361.96
	Fair value of plan assets as at the end of the year	4.68	4.36
	Net (asset) / liability to be recognized in the balance sheet	**385.22**	**357.60**
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	361.96	455.70
	Current service cost	88.61	146.28
	Past service cost	-	-
	Interest cost	22.31	30.32
	Benefits paid	(122.65)	(146.37)
	Actuarial (gain) / loss on obligation	39.67	(123.97)
	Projected benefit obligation at the end of the year	**389.90**	**361.96**
C.	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	4.36	4.09
	Return on plan assets	3.55	5.07
	Actuarial gain/(loss)	(3.23)	(4.80)
	Benefits paid	-	-
	Fair value of plan assets at the end of the year	**4.68**	**4.36**
D.	**Amount recognised in the statement of profit and loss**		
	Current service cost	88.61	146.28
	Past service cost and loss/(gain) on curtailments and settlement	-	-
	Net interest cost	18.76	25.24
	Expenses recognised in the statement of profit and loss	**107.37**	**171.52**
E.	**Amount recognised in other comprehensive income**		
	Actuarial (gains) / loss		
	- change in financial assumption	1.85	(3.61)
	- change in demographic assumption	-	(60.92)
	- experience variation	37.82	(59.44)
	Return on plan assets, excluding amount recognised in net interest expense	3.23	4.80
		42.90	**(119.17)**

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(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
F. Assumptions used		
Discount rate	7.15%	7.30%
Salary growth rate	6.00%	6.00%
Withdrawal rate	50% at younger ages reducing to 10% at older ages	50% at younger ages reducing to 10% 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 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	383.81	396.18	356.94	367.14
Salary growth rate (0.5% movement)	396.09	383.76	367.20	357.07
Withdrawal rate (10% movement)	379.50	401.04	355.80	368.55

H. Other information :

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is ₹ 107.09 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.25 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

Note 38

Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Directors, whether a whole time Director or otherwise but excluding Non-Executive Independent Directors, including the Directors of the Company, or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid employees who are on deputation at the request of the Company and during the year ended 31 March 2024, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2024, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employees selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	1,500,000	2,700,000	3,000,000	2,000,000	6,000,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				
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 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	None				
Method used for accounting of options	Fair Value Method				

II. Option Movement during the year ended March 2024

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	35,700	1,913,000	146,500	230,000	398,500
Options Granted during the year	-	-	-	-	4600,492
Options Forfeited / Lapsed during the year	3,950	573,500	136,500	74,750	296,856
Options Exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of Options Outstanding at the end of the year	31,750	1,339,500	10,000	155,250	4,702,136
Number of Options exercisable at the end of the year	14,250	359,950	10,000	155,250	114,450
Weighted average market price of options exercised for the year ended 31 March 2024 (₹)	-	-	-	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

III. Option Movement during the year ended March 2023

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	35,700	1,510,500	348,000	1,719,500	3,027,500
Options Granted during the year	-	984,500	-	-	-
Options Forfeited / Lapsed during the year	-	582,000	201,500	1,489,500	2,629,000
Options Exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of options Outstanding at the end of the year	35,700	1,913,000	146,500	230,000	398,500
Number of Options exercisable at the end of the year	13,200	332,000	146,500	230,000	163,500
Weighted average market price of options exercised for the year ended 31 March 2023 (₹)	-	-	-	-	-

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)	281.00 - 437.00	139.00 - 437.00	255.00	437.00	131.45 - 437.00
No. of Options Outstanding as on 31 March 2024	31,750	1,339,500	10,000	155,250	4,702,136
Contractual Life (in years)	4.32	4.70	0.55	2.01	6.04

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
1. Risk Free Interest Rate	NA	NA	NA	NA	7.02%
2. Expected Life(in years)	NA	NA	NA	NA	3.80
3. Expected Volatility	NA	NA	NA	NA	44.92%
4. Dividend Yield	NA	NA	NA	NA	0.0%
5. Exercise Price	NA	NA	NA	NA	199.86
6. Price of the underlying share in market at the time of the option grant.(₹)	NA	NA	NA	NA	199.86

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	As at 31 March 2024	As at 31 March 2023
Employee share based expense	812.34	(4,375.16)
Total ESOP reserve outstanding	2,122.74	2,074.82

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 39 - Disclosure pursuant to Ind AS 108 'Operating Segments'

The Company is primarily engaged in business of financing and has provided segmental information in the Consolidated Financial Statements as per Ind AS 108 - Operating Segments.

Note 40 - Maturity pattern of Assets and Liabilities

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 at 31 March 2024			As at 31 March 2023		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	38,773.39	-	38,773.39	16,500.70	-	16,500.70
Bank balances other than cash and cash equivalents	4	1,652.74	27,523.04	29,175.78	21.50	20,322.00	20,343.50
Loans	5	203,491.18	395,239.11	598,730.29	169,778.20	349,783.33	519,561.53
Investments	6	43,684.22	113,408.16	157,092.38	82,139.46	63,566.27	145,705.73
Other financial assets	7	5,755.78	28,002.92	33,758.70	4,346.08	29,073.48	33,419.56
Non-financial assets							
Current tax assets (net)	8	-	7,539.22	7,539.22	-	5,376.00	5,376.00
Deferred tax assets (net)	9	-	31,651.53	31,651.53	-	31,643.62	31,643.62
Property, plant and equipment	10	-	5,567.39	5,567.39	-	4,788.71	4,788.71
Assets acquired in satisfaction of claim	11	-	1,300.00	1,300.00	-	1,300.00	1,300.00
Goodwill		-	30,018.69	30,018.69	-	30,018.69	30,018.69
Other intangible assets	12	-	1,070.68	1,070.68	-	2,034.77	2,034.77
Other non-financial assets	13	3,475.06	860.42	4,335.48	2,813.23	421.26	3,234.49
TOTAL ASSETS		**296,832.37**	**642,181.16**	**939,013.53**	**275,599.17**	**538,328.13**	**813,927.30**

Particulars	Note	As at 31 March 2024			As at 31 March 2023		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	130.32	-	130.32	735.25	-	735.25
Debt securities	15	123,462.74	205,312.35	328,775.09	32,010.36	78,876.59	110,886.95
Borrowings (other than debt securities)	16	145,130.45	131,037.49	276,167.94	156,955.87	213,465.57	370,421.44
Other financial liabilities	17	19,257.06	3,224.53	22,481.59	25,507.93	2,703.18	28,211.11
Non-financial liabilities							
Provisions	18	159.30	370.20	529.50	128.08	337.58	465.66
Other non-financial liabilities	19	724.63	-	724.63	951.60	-	951.60
TOTAL LIABILITIES		**288,864.50**	**339,944.57**	**628,809.07**	**216,289.09**	**295,382.92**	**511,672.01**

** also refer note 31(G)*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 41 - Other notes

Note 41.1

In relation to the loans portfolio, the Management has on a best effort basis and knowledge, has not identified transactions with Nil financiers (previous year Nil) aggregating ₹ Nil (previous year Nil) used for refinancing loans of the customers.

Note 41.2

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988) and rules made thereunder.

c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Company has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

g) In respect of the disclosure required vide notification dated March 24, 2021 issued by Ministry of Corporate Affairs, the Company has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such transactions which may be required to be reported.

h) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

i) Other than the loans and advances given in normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

j) Title deed of immovable property has been held in the name of the Company

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 42- Asset liability management

Particulars	1 to 7 days	8 to 14 days	15 to 30 days	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/FI	413.51	210.22	9,210.86	5,558.28	9,084.88	25,347.75	33,736.72	44,239.71	1,753.26	-
Market borrowings	2,555.81	168.20	600.81	6,884.38	9,721.09	67,636.38	97,464.32	274,191.92	3,266.76	12,898.17
Assets:										
Loans & advances (gross)	8,660.63	4,754.51	8,327.88	16,640.79	17,605.40	53,264.90	104,797.24	294,810.92	90,961.71	29,977.41
Investments	16,723.44	14,210.78	-	-	-	-	12,750.00	-	68,137.58	45,270.58

Notes:

- The above inflows and outflows is based on scheduled maturity of the financial instruments.

- The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 4,375.00 lakhs scheduled for payment after 31 March 2025 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 6,669.00 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to ₹ 12,750.00 lakhs

- Cash & Cash Equivalents (refer note 3)	38,773.39
- Bank balances other than cash and cash equivalents (refer note 4)	29,175.78
Total	**67,949.17**

Note 43- Exposure to real estate sector

Category			**As at 31 March 2024**	As at 31 March 2023
A	**Direct exposure**			
	i.	**Residential Mortgages**		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs ₹ NIL. (Previous year ₹ NIL)	22,711.61	78,619.90
	ii.	**Commercial Real Estate**		
		Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	54,221.56	155,425.59
	iii.	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
		- Residential	Nil	Nil
		- Commercial Real Estate	Nil	Nil
B	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		49,623.84	50,474.53

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 44- Exposure to capital market

	Category	As at 31 March 2024	As at 31 March 2023
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;	-	-
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)	-	-
9	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
10	Financing to stockbrokers for margin trading	-	-
11	All exposures to Alternative Investment Funds:		
	i Category I	-	-
	ii Category II	-	-
	iii Category III	-	-

Note 45- Other disclosures pursuant to the RBI Master Directions for NBFC

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

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	Provisions for depreciation on Investment	12,066.74	6,360.00
2	Provision towards NPA#	(7,035.66)	(42,043.89)
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies	(1,116.56)	(894.95)
5	Provision for Standard Assets and other receivable*	(16,061.13)	(15,446.95)

 # represents provision on Stage 3 assets

** represents provision on Stage 1, Stage 2 and other receivables (net off amount transferred for provision towards NPA)*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

II - Concentration of Advances

Particulars		As at 31 March 2024	As at 31 March 2023
1	Total Advances to twenty largest borrowers	46,882.23	128,625.09
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	7.4%	22.4%

III - Concentration of Exposures

Particulars		As at 31 March 2024	As at 31 March 2023
1	Total Exposure to twenty largest borrowers /customers	60,225.93	171,733.50
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	9.4%	27.8%

IV - Concentration of NPAs

Particulars		As at 31 March 2024	As at 31 March 2023
1	Total Exposure to top four NPA accounts	1,104.15	2,369.23

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

Particulars		As at 31 March 2024	As at 31 March 2023
1	Agriculture and allied activities	4.25%	4.57%
2	MSME	-	14.37%
3	Corporate borrowers	-	-
4	Services	5.01%	6.42%
5	Unsecured personal loans	-	-
6	Auto loans	2.60%	5.38%
7	Other personal loans	-	-

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

VI - Movement of NPAs

Particulars	As at 31 March 2024	As at 31 March 2023
Net NPAs to Net Advances (%)	2.09%	3.78%
Movement of NPAs (Gross)		
Opening balance	46,224.01	118,091.93
Additions during the year/period	33,734.69	24,228.68
Reductions during the year/period	(48,688.73)	(96,096.60)
Closing balance	31,269.97	46,224.01
Movement of Net NPAs		
Opening balance	20,710.96	50,534.98
Additions during the year/period	15,642.80	9,779.83
Reductions during the year/period	(23,561.18)	(39,603.85)
Closing balance	12,792.58	20,710.96
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	25,513.05	67,556.94
Provisions made during the year/period	18,091.89	14,448.86
Write-off / write-back of excess provisions	(25,127.55)	(56,492.75)
Closing balance	18,477.39	25,513.05

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

VII -Details of assignment transactions undertaken during the year:

(including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No. of accounts	177	108
2	Aggregate value (net of provisions) of accounts assigned	242.19	9,838.25
3	Aggregate consideration	242.19	9,838.25
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

VIII (A) - Details of financial assets sold to Asset Reconstruction/Securitisation Companies during the year:

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No. of accounts	403	8,295
2	Aggregate value (net of provisions) of accounts assigned	102,840.53	37,239.00
3	Aggregate consideration	110,425.00	37,239.00
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / (loss) over net book value	-	-

VIII (B) Details of stressed loan transferred during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	To Asset Reconstruction Companies (ARC)	
		NPA	SMA
1	Number of accounts	207	196
2	Aggregate principal outstanding of loans transferred	13,810.92	108,253.83
3	Weighted average residual tenor of the loans transferred (in months)	5-168	27-186
4	Net book value of loans transferred (at the time of transfer)	9,637.26	93,203.27
5	Aggregate consideration	12,169.75	98,255.25
6	Additional consideration realised in respect of accounts transferred in earlier years	-	-
7	Recovery rating	Unrated	Unrated

VIII (C) Details of stressed loans acquired during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	From lenders listed Clause 3	
		NPA	SMA
1	Aggregate principal outstanding of loans acquired	-	4,614.24
2	Aggregate consideration paid	-	4,614.24
3	Weighted average residual tenor of loans acquired (in months)	-	26

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

VIII (D) Details of loans not in default acquired during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	For the year ended 31 March 2024
1	No. of accounts	8,779
2	Aggregate value of accounts acquired ₹ in Lakhs	10,856.72
3	Weighted average maturity (months)	47
4	Weighted average holding period (months)	NA
5	Retention of beneficial economic interest (in %)	90%
6	Coverage of tangible security (in %)	100%
7	Rating-wise distribution of rated loans	NA

VIII (E) Details of loans not in default transferred during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	For the year ended 31 March 2024
1	No. of accounts	177
2	Aggregate value of accounts assigned ₹ in Lakhs	242.19
3	Aggregate consideration	242.19
4	Additional consideration realized in respect of accounts transferred in earlier years	-
5	Aggregate gain / loss over net book value	-
6	Weighted average maturity (No. of Years)	18
7	Weighted average holding period (months)	28
8	Retention of beneficial economic interest	-

VIII (F) - Details of STC securitisation transactions

(in terms of Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No of SPVs sponsored by the NBFC for securitisation transactions	11	5
2	Total amount of securitised assets as per books of the SPVs sponsored	133,114.53	91,032.17
3	Total amount of exposures retained by the NBFC towards the MRR as on the date of balance sheet		
	(I) Off-balance sheet exposures towards Credit Enhancements	43,364.95	30,461.72
	(II) On-balance sheet exposures towards Credit Enhancements	-	-
	Amount of exposures to securitisation transactions		
4	Other than MRR		
	(I) Off-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitizations	-	-
	b) Exposure to third party securitisations	-	-
	(II) On-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitisations	3,246.67	931.83
	b) Exposure to third party securitisations	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
5 Sale Consideration received for the securitised assets and gain/ loss on sale on account of securitisation		
a) Sale Consideration received	257,338.17	148,324.27
b) gain/loss on sale on account of securitisation	-	-
6 Form & quantum of Services Provided:		
a) Collection Agent Fees	85.04	57.37
7 Performance of facility provided		
I) Credit Enhancement		
(a) Amount Paid	43,364.95	30,461.72
(b) Repayment Received	-	-
(c) Outstanding Amount	43,364.95	30,461.72
II) Collection Agent fees		
(a) Amount Paid	85.04	57.37
(b) Repayment Received	(85.04)	(57.37)
(c) Outstanding Amount	-	-
8 Amount and number of additional/top up loan given on the same underlying asset	-	-
9 Investor Complaints		
(a) Directly/Indirectly received	-	-
(b) Complaints Outstanding	-	-

** The Company determines average rate of default on the entire portfolio of the product. Consequently, average rate of default for a selected pool under securitisation is not available*

IX - Customer Complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	2	9
2	Number of complaints received during the year	640	687
3	Number of complaints disposed during the year	623	694
	3.1 Of which, number of complaints rejected by the NBFC	80	-
4	Number of complaints pending at the end of the year	19	2
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	126	158
	5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	126	-
	5.2. Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	13	-
	5.3. Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	1
6	Number of Awards unimplemented within the stipulated time	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

2) Top five grounds of complaints received by the NBFCs from customer

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended 31 March 2024					
Loans & Advances	-	126	5%	3	-
NOC	-	69	-5%	1	-
Credit Score	-	75	14%	2	-
Settlement	-	47	-8%	1	-
Service issue/ Misbehaviour of employee	-	78	77%	4	1
Others	2	245	-26%	8	-
Totals	**2**	**640**		**19**	**1**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended 31 March 2023					
Loans & Advances	1	120	-	-	-
NOC	-	73	-	-	-
Credit Score	2	66	-	-	-
Settlement	3	51	-	-	-
Service issue/ Misbehaviour of employee	1	44	-	-	-
Others	2	333	-	2	2
Totals	**9**	**687**	**-**	**2**	**2**

X - Investments

Particulars	As at 31 March 2024	As at 31 March 2023
1 Value of Investments		
i. Gross Value of Investments		
(a) In India	193,735.76	170,282.37
(b) Outside India	-	-
ii. Provision for Depreciation		
(a) In India	36,643.38	24,576.64
(b) Outside India	-	-
iii. Net Value of Investments		
(a) In India	157,092.38	145,705.73
(b) Outside India	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars			As at 31 March 2024	As at 31 March 2023
2	**Movement of provisions held towards depreciation on investments**			
	(i)	Opening balance	24,576.64	18,216.64
	(ii)	Add : Provisions made during the year (net)	12,066.74	6,360.00
	(iii)	Less : Write-off/ write-back of excess provision during the year	-	-
	(iv)	Closing balance	36,643.38	24,576.64

XI - Registration obtained from other financial sector regulators :

The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024.

XII - Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

There are no loans outstanding which exceeds SBL and GBL limit.

XIII - Details of financing of parent Company products : None

XIV - Disclosure of penalties imposed by RBI and other regulators :

Current year ₹ 50.18 lakhs excluding taxes paid to Regular authorities

a) To stock exchanges relating to "Minimum Public Shareholding (MPS) Requirements" - ₹ 24.80 lakhs (previous year ₹ 54.20 lakhs) and others -₹ 11.78 lakhs excluding taxes (previous year- ₹ 3.60 lakhs)

b) To RBI relating to non-compliances observed by the RBI in its statutory inspection - 13.60 lakhs (previous year - nil)

XV - Draw down from reserves : None

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

Sr. No.	Instruments	Credit Rating Agency	As at 31 March 2024	As at 31 March 2023
1	Commercial Paper	CARE	A1+	A1+
		ICRA	-	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	A+
		CRISIL	AA-	AA-
3	NCD	CARE	AA-	A+
		CRISIL	AA-	AA-

XVII (A) - Unsecured Advances against intangible securities : None

XVII (B) - Off-balance Sheet Sponsored SPV : None

XVII (C) - Fraud committed against the company:

Sr. No	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No. of cases of fraud reported during the year	3	-
2	Amount involved (₹ In Lakhs)	47.50	-
3	Amount recovered (₹ In Lakhs)	-	-
4	Amount written off (₹ In Lakhs)*	47.50	-

Note: The above information is based on FMR 1 reported to RBI subsequent to 31 March 2024

** Reprents 100% provision made*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

XVIII - Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*#					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on 1 April 2023 (Opening Figures)	Number of Borrowers	-	-	-	-	-	1,326	510	-	-	1,836	1,836
		Amount Outstanding	-	-	-	-	-	25,465.36	13,755.17	-	-	39,220.53	39,220.53
		Provision Thereon	-	-	-	-	-	2,316.53	5,881.21	-	-	8,197.74	8,197.74
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
3	Repaid out of opening	Number of Borrowers	-	-	-	-	-	687	174	-	-	861	861
		Amount Outstanding	-	-	-	-	-	(2,173.08)	(364.54)	-	-	(2,537.62)	(2,537.62)
		Provision Thereon **	-	-	-	-	-	(885.61)	70.57	-	-	(815.04)	(815.04)
4	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	40	(40)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	1,072.50	(1,072.50)	-	-	-	-
		Provision Thereon	-	-	-	-	-	339.59	(339.59)	-	-	-	-
5	Restructured Standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during FY 23-24 (Slipped to NPA as on 31 March 2024) - npa	Number of Borrowers	-	-	-	-	-	(136)	136	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(2,045.60)	2,045.60	-	-	-	-
		Provision Thereon	-	-	-	-	-	(188.99)	188.99	-	-	-	-
7	Write-offs of the restructured accounts during FY 23-24	Number of Borrowers	-	-	-	-	-	128	153	-	-	281	281
		Amount Outstanding	-	-	-	-	-	(576.62)	(889.34)	-	-	(1,465.96)	(1,465.96)
		Provision Thereon	-	-	-	-	-	(93.21)	(526.67)	-	-	(619.88)	(619.88)
8	Closed / Paid-up POS of the restructured accounts during FY 23-24	Number of Borrowers	-	-	-	-	-	542	227	-	-	769	769
		Amount Outstanding	-	-	-	-	-	(13,180.27)	(7,957.34)	-	-	(21,137.61)	(21,137.61)
		Provision Thereon	-	-	-	-	-	(1,057.65)	(3,743.18)	-	-	(4,800.83)	(4,800.83)
9	Restructured account as on 31 March 2024 (Closing Figures)	Number of Borrowers	-	-	-	-	-	583	360	-	-	943	943
		Amount Outstanding	-	-	-	-	-	8,562.29	5,517.05	-	-	14,079.34	14,079.34
		Provision Thereon	-	-	-	-	-	430.66	1,531.33	-	-	1,961.99	1,961.99

** Includes restructuring covered under RBI Restructuring Circulars.*

 # The above amount represents principal outstanding of restructured loans

***Includes impact of changes to models and inputs used*

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

XIX - Comparison between Ind AS provisions and IRACP norms

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage1	566,073.95	10,297.63	555,776.32	1,688.12	8,609.51
	Stage2	32,457.47	2,296.08	30,161.39	484.84	1,811.24
Subtotal		**598,531.42**	**12,593.71**	**585,937.71**	**2,172.96**	**10,420.75**
Non-Performing Assets (NPA)						
Substandard	Stage3	17,125.35	9,840.12	7,285.23	1,373.49	8,466.63
Subtotal for Substandard		**17,125.35**	**9,840.12**	**7,285.23**	**1,373.49**	**8,466.63**
Doubtful - up to 1 year	Stage3	6,279.38	3,641.48	2,637.90	1,048.48	2,593.00
1 to 3 years	Stage3	7,549.17	4,860.33	2,688.84	2,203.88	2,656.45
More than 3 years	Stage3	316.07	135.46	180.61	78.01	57.45
Subtotal for doubtful		**14,144.62**	**8,637.27**	**5,507.35**	**3,330.37**	**5,306.90**
Loss	Stage3	-	-	-	-	-
Subtotal for NPA		**31,269.97**	**18,477.39**	**12,792.58**	**4,703.86**	**13,773.53**
Total		**629,801.39**	**31,071.10**	**598,730.29**	**6,876.82**	**24,194.28**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage1	-	-	-	-	-
	Stage2	-	-	-	-	-
	Stage3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage1	566,073.95	10,297.63	555,776.32	1,688.12	8,609.51
	Stage2	32,457.47	2,296.08	30,161.39	484.84	1,811.24
	Stage3	31,269.97	18,477.39	12,792.58	4,703.86	13,773.53
	Total	**629,801.39**	**31,071.10**	**598,730.29**	**6,876.82**	**24,194.28**

 # includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

XX - Liquidity Risk Management

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
1	23	401,418.42	N/A	83.25%

(ii) Top 20 large deposits - Not applicable

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(iii) Top 10 borrowings

Total Amount	% of Total Borrowings
289,379.00	63.14%

(iv) Funding concentration based on significant instrument/product

Sr. No.	Nature of instrument	Amount	% of Total Liabilities
1	Term Loan	96,670.06	20.05%
2	Non-Convertible Debentures	321,565.56	66.69%
3	Working Capital	32,885.13	6.82%
4	Commercial Papers	7,209.53	1.50%

(v) Stock ratios

Sr. No.	Particulars	Ratios
1	**Commercial papers**	
	- as a % of total public funds	1.57%
	- as a % of total liabilities	1.50%
	- as a % of total assets	0.91%
2	**Non-convertible debentures (original maturity of less than one year)**	
	- as a % of total public funds	Nil
	- as a % of total liabilities	Nil
	- as a % of total assets	Nil
3	**Other short-term liabilities**	
	- as a % of total public funds	4.42%
	- as a % of total liabilities	4.20%
	- as a % of total assets	2.56%

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has instituted the Asset Liability Management Committee to monitor and manage liquidity risk inter-alia by way of monitoring the asset liability composition, reviewing the liquidity and borrowing program of the Company, setting-up and monitoring prudential limits on negative mismatches w.r.t. liquidity and interest rate and forecasting and analysing 'what if scenario' and preparation of contingency plans. Further, the Audit Committee and the Risk Management Committee as a part of evaluation of the overall risks faced by the Company evaluate the liquidity risk faced by the Company.

Footnote -

Amount of Securitization is excluded from total borrowing, total assets, total liabilities and public funds.

(Currency : Indian Rupees in Lakhs)

XXI - Liquidity coverage ratio:

Sr. No.	Particulars	Q1 FY 2023-24		Q2 FY 2023-24		Q3 FY 2023-24		Q4 FY 2023-24	
		Amounts (Average)		Amounts (Average)		Amounts (Average)		Amounts (Average)	
		Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]
	High Quality Liquid Assets								
1	**Total High Quality Liquid Assets (HQLA)[3]**	22,946.26	22,946.26	22,297.94	22,297.94	27,345.38	27,345.38	23,750.51	23,750.51
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured funding	-	-	-	-	-	-	-	-
4	Secured funding	19,326.44	22,225.40	17,453.99	20,072.09	12,086.09	13,899.00	25,169.09	28,944.45
5	Additional requirements, of which	5,261.59	6,050.83	9,407.30	10,818.40	9,782.25	11,249.58	13,179.38	15,156.29
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	5,261.59	6,050.83	9,407.30	10,818.40	9,782.25	11,249.58	13,179.38	15,156.29
6	Other contractual funding obligations	9,888.27	11,371.51	9,302.79	10,698.21	8,151.61	9,374.36	9,685.42	11,138.23
7	Other contingent funding obligations	123.63	142.17	40.76	46.88	-	-	41.21	47.39
8	**TOTAL CASH OUTFLOWS**	**34,599.93**	**39,789.91**	**36,204.84**	**41,635.58**	**30,019.95**	**34,522.94**	**48,075.10**	**55,286.36**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	21,219.36	15,914.52	20,564.27	15,423.20	19,995.23	14,996.43	21,923.75	16,442.82
11	Other cash inflows	41,577.84	31,183.38	48,592.37	36,444.28	12,206.69	9,155.02	51,857.18	38,892.89
12	**Total Cash Inflows**	**62,797.20**	**47,097.90**	**69,156.64**	**51,867.48**	**32,201.92**	**24,151.45**	**73,780.93**	**55,335.71**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		22,946.26		22,297.94		27,345.38		23,750.51
14	Total Net Cash Outflows		9,947.48		10,408.89		10,371.50		13,821.59
15	Liquidity Coverage Ratio (%)		230.67%		214.22%		263.66%		171.84%

1 Unweighted value calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

2 Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

3 The Company, during the quarter ended 31 March 2024, had maintained average HQLA. HQLA primarily includes cash on hand, bank balances in current account and Government securities.

4 Company for purpose of computing outflows, have considered: (1) all the contractual debt repayments, and (2) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

5 In preparation of LCR, the management has made certain estimates/assumptions and compiled the information from internal MIS and records, which has been relied upon by the auditors.

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

XXII - Sectoral exposure

SL No	Sectors	As at 31 March 2024			As at 31 March 2023		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	20,135.99	856.11	4.25%	11,111.90	507.72	4.57%
2	Industry						
	- Micro and Small	2,399.08	-	-	7,326.88	1,050.13	6.08%
	- Large	-	-	-	9,941.31	-	-
	Total (2)	2,399.08	-	-	17,268.19	1,050.13	6.08%
3	Services						
	- Transport Operators	472,088.64	24,904.53	4.67%	296,542.27	24,139.93	5.00%
	- Computer Software	102.22	-	-	721.93	25.94	0.01%
	- Tourism, Hotel and Restaurants	62.42	-	-	964.56	30.02	0.01%
	- Professional Services	2,415.17	136.08	0.03%	9,566.21	893.52	0.18%
	- Retail Trade	1,638.62	354.46	0.07%	7,129.53	1,103.77	0.23%
	- Commercial Real Estate	54,195.03	-	-	155,152.14	-	-
	- NBFCs	-	-	-	1,191.18	-	-
	- Other Services	2,409.35	625.46	0.12%	11,948.64	2,483.79	0.51%
	Total (3)	532,911.45	26,020.53	4.88%	483,216.46	28,676.97	5.93%
4	Personal Loan	-	-	-	-	-	-
5	Retail Loans						
	- Vehicle/Auto Loans	63,124.38	1,641.35	1.87%	33,713.66	1,814.04	1.72%
	- Other Retail loans	24,610.81	2,751.98	3.14%	71,673.74	14,175.15	13.45%
	Total (5)	87,735.19	4,393.33	5.01%	105,387.40	15,989.19	15.17%
	Total (1+2+3+4+5)	**643,181.71**	**31,269.97**	**4.86%**	**616,983.95**	**46,224.01**	**7.49%**

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

Sr. No.	Particulars	As at 31 March 2024	As at 31 March 2023
1	Total amount of intra-group exposures	-	-
2	Total amount of top 20 intra-group exposures	-	-
3	Percentage of intra-group exposures to total exposure of the NBFC on borrowers / customers	-	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

XXIV- Related Party Disclosure

SL No	Particulars	Transaction	Financial year	Parent	Subsidiaries	Associates/ Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
1	Borrowings	Outstanding as at Year End	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
2	Deposits	Outstanding as at Year End	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
3	Placement of deposits	Outstanding as at Year End	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
4	Advances	Outstanding as at Year End	2023-24 (CY)	-	-	-	2,500.00	-	-	2,500.00
			2022-23 (PY)	-	-	-	2,500.00	-	-	2,500.00
		Maximum Outstanding during the year	2023-24 (CY)	-	6,500.00	-	2,500.00	-	-	9,000.00
			2022-23 (PY)	-	8,000.00	-	2,500.00	-	-	10,500.00
5	Investments	Outstanding as at Year End	2023-24 (CY)	-	45,270.58	-	-	-	-	45,270.58
			2022-23 (PY)	-	45,271.60	-	-	-	-	45,271.60
		Maximum Outstanding during the year	2023-24 (CY)	-	45,271.60	-	-	-	-	45,271.60
			2022-23 (PY)	-	45,285.17	-	-	-	-	45,285.17
6	Purchase of fixed/other assets		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
7	Sale of fixed/other assets		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
8	Interest paid		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
9	Interest received		2023-24 (CY)	-	143.85	-	-	-	-	143.85
			2022-23 (PY)	-	299.52	-	-	-	-	299.52
10	Others	Upfront Fees	2023-24 (CY)	1,228.41	-	-	-	-	-	1,228.41
			2022-23 (PY)	4,018.68	-	-	-	-	-	4,018.68
		Short-term employee benefits	2023-24 (CY)	-	-	-	359.08	-	-	359.08
			2022-23 (PY)	-	-	-	341.38	-	-	341.38
		Recovery of Expenses	2023-24 (CY)	-	1,686.53	-	-	-	-	1,686.53
			2022-23 (PY)	-	2,007.29	-	-	-	-	2,007.29

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

XXV - Others

Sr. No	Particulars	For the year ended 31 March 2024 Amount outstanding	For the year ended 31 March 2024 Amount overdue
	Liabilities side :		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
	(a) Debenture : Secured	292,067.78	-
	: Unsecured	29,497.78	-
	(b) Deferred Credits	-	-
	(c) Term Loans	96,670.06	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	7,209.53	-
	(f) Public Deposits (Refer Note 2 below)	-	-
	(g) Other Loans	179,497.88	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued**		
	(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	-	-

Sr. No	Particulars	For the year ended 31 March 2024 Amount outstanding
	Assets side :	
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**	
	(a) Secured	620,366.15
	(b) Unsecured	9,435.24
(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	-

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Sr. No	Particulars	For the year ended 31 March 2024 Amount outstanding
(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	14,210.78
	(v) Others (Please specify)	-
	2. Unquoted :	
	(I) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	16,723.44
	(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)	-
	2. Unquoted :	
	(I) Shares: (a) Equity	45,270.58
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others: Securities receipts	80,887.58

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Category		Amount (Net of provisions)		
		Secured	Unsecured	Total
1.	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	589,610.45	9,119.84	598,730.29

Notes to the financial statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	45,270.58	45,270.58
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	111,821.80	111,821.80

(8) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	31,269.97
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	12,792.58
(iii)	Assets acquired in satisfaction of debt	1,300.00

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

Note 46 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2024

Note 47 - Figures for the previous year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current year presentation.

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Mumbai
Date: 29 April 2024

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

Bobby Parikh
Non-Executive Independent
Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer &
Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Independent Auditor's Report

To
the Members of
IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **IndoStar Capital Finance Limited** (hereinafter referred to as the "Holding Company"), and its subsidiaries together referred to as ("the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Rules") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the Consolidated 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 Financial Statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Impairment of loans including Expected Credit Losses ("ECL"):** As per Ind AS 109 - Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its financial assets using ECL approach involving an estimation of probability of loss on such financial assets, 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 financial assets.	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Read the Company's Board approved ECL policy and material accounting policy information for estimation of ECL on financial assets and evaluated the appropriateness of the same with the principles of Ind AS 109; • Performed end-to-end process walkthroughs to identify the controls used in the impairment loss allowance processes;

<table>
<tr><th>Sr. No</th><th>Key Audit Matter</th><th>How the Key Audit Matter was addressed in our audit</th></tr>
<tr><td></td><td>The estimation of impairment loss allowance on loan assets involves significant judgement and estimates, which are subject to uncertainty, and involves applying appropriate measurement principles in case of loss events.

ECL is calculated using the percentage of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each of the stages of loan portfolio. Significant management judgment and assumptions involved in measuring ECL is required with respect to:

• Segmentation of loan book in buckets based on common risk characteristics;
• Staging of loans and in particular determining the criteria, which includes qualitative factors for identifying a significant increase in credit risk (i.e. Stage 2) and credit-impaired (i.e. Stage 3);
• factoring in future macro-economic and industry specific estimates and forecasts;
• past experience and forecast data on customer behaviour on repayments and;
• varied statistical modelling techniques to determine probability of default, loss given default and exposure at default basis, the default history of loans, subsequent recoveries made and other relevant factors using probability-weighted scenarios.

Considering the significance of the above matter to the Financial Statements and since the matter required significant attention to test the calculation of ECL, we identified this as a key audit matters for current year audit.</td><td>• Tested the design and the operating effectiveness of relevant internal controls, including the IT controls relevant to the impairment loss allowance process.
• Verified the completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors;
• Checked the appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio.

Performed the following substantive procedures on sample of loan assets:
• Tested appropriateness of staging of borrowers based on days past due ("DPD") and other loss indicators;
• Tested the factual accuracy of information such as period of default, ratings (wherever applicable) and other related information used in estimating the PD;
• Evaluated the reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired and other applicable assumptions included in LGD computation;
• Evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model;
• Tested the completeness of loans included in the ECL calculations as of March 31, 2024 by reconciling such data with the balances as per loan book register; and

Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</td></tr>
<tr><td>2</td><td>Information Technology ("IT") systems and controls impacting financial controls

The Company key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.</td><td>Key IT audit procedures performed included the following, but not limited to:
• For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Company IT systems.
• Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</td></tr>
</table>

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by Management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.	• Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

The auditors of IndoStar Home Finance Private Limited, vide their audit report dated April 22, 2024, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, the following Key Audit Matters were included in the audit report.

Sr No	Key Audit Matter	Auditor's Response
1.	**Impairment of financial assets as at balance sheet date (expected credit losses):** Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020, and May 05, 2021 and tested the implementation of such policy on a sample basis.

Sr No	Key Audit Matter	Auditor's Response
	In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Data inputs in relation to ECL model • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Determination of loan book segmentation, probability of defaults, loss given defaults and exposure at default.	• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one time restructuring. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.
2.	**Evaluation of Company's IT systems and Controls** The information system is a critical component of Company's operations, enabling efficient processing of transactions, safeguarding of information, and supporting decision-making. The financial accounting and reporting systems of the Company are also fundamentally reliant on IT systems and IT controls. As such, it is important for us to evaluate the effectiveness of information system controls to ensure the correctness, integrity, availability, and confidentiality of data. We identified 'IT systems and controls' as key audit matter because of the pervasive nature of IT environment and the scale and complexity of the IT architecture.	• In assessing the effectiveness of information system controls, they have evaluated the extent to which the controls are properly designed and implemented to mitigate the risk of material misstatement in financial reporting. Their procedures included: a) Obtained an understanding of the IT control environment and IT policies during the audit period. b) Testing IT general controls related to User, Change Management Controls, Information Security Controls, Log management and Data backup. Their audit procedures also included assessment and identification of key IT applications, and further verifying, testing, and reviewing the design and operating effectiveness of the IT system based on reports and other financial and non-financial information generated from the system on a test check basis.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules. The respective Management and 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 the assets of the Group 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 controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the Management and 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 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 Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.

- Conclude on the appropriateness of the management and Board of Directors 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 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 Financial Statements, including the disclosures, and whether the

Consolidated 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 to express an opinion on the Consolidated 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 independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and the performance of the audits carried out by them. 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 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 Financial Statements for the year ended March 31, 2024 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.

Other Matters

a. We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 2,20,306.19 lakhs as at March 31, 2024, total revenues of Rs. 29,023.88 lakhs and cash inflows (net) of Rs. 21,143.64 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b. The Consolidated Financial Statements of the Company for the year ended March 31, 2023, were audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion on those Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the Consolidated Financial Statements of the subsidiaries referred to in the Other Matters section above 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 purposes 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 Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant 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 Indian Accounting Standards specified under

Section 133 of the the Act read with the Rules thereunder.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group, and the operating effectiveness of such controls, refer to our separate report in “Annexure A”.

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 Auditor’s) 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 the consolidated financial position of the Group – Refer Note 35 of the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on 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 subsidiary companies.

iv. (a) The Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, in Note 42.2 (i) to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, in Note 42.2 (i) to the Consolidated Financial Statements, no funds have been received by the Holding Company or any of such subsidiaries from any person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors’ notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis-statement.

v. In our opinion and according to the information and explanations given to us, the Holding Company and its subsidiaries has neither declared nor paid any dividend during the year.

vi. Based on our examination, and based on the other auditor's reports of its subsidiary companies whose financial statements have been audited under the Act, the Holding Company and its subsidiaries have used accounting software(s) for maintaining their respective books of account for the year ended March 31, 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s), and further, we did not come across any instance of audit trail feature being tampered with.

2. In our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries included in the Consolidated Financial Statements of the Group to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYO4381

Mumbai
April 29, 2024

"Annexure A" to Independent Auditors' Report

of even date on the Consolidated Financial Statements of Indostar Capital Finance Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of IndoStar Capital Finance Limited on the Consolidated Financial Statements for the year ended March 31, 2024]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls reference to Consolidated Financial Statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company") which includes the internal financial controls over financial reporting of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group")which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Group, have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by the respective companies 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 ("the ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Management and the Board of Directors 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 with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, 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") issued by the ICAI and the Standards on Auditing 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 with reference to Consolidated 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated 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 Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Group.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Consolidated 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 Consolidated Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYO4381

Mumbai
April 29, 2024

INDOSTAR

Consolidated Balance Sheet

as at 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	61,390.42	17,974.12
Bank balances other than cash and cash equivalents	4	34,919.59	23,603.59
Loans	5	780,983.89	651,567.00
Investments	6	111,821.80	103,934.67
Other financial assets	7	38,306.04	35,156.36
		1,027,421.74	**83,2235.74**
Non-financial assets			
Current tax assets (net)	8	8,336.99	5,607.74
Deferred tax assets (net)	9	31,651.53	31,643.62
Property, plant and equipment	10	6,800.67	5,353.44
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Other intangible assets	12	1,289.99	2,351.56
Other non-financial assets	13	5,250.27	3,707.97
		84,648.14	**79,983.02**
TOTAL ASSETS		**1,112,069.88**	**912,218.76**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		124.16	10.89
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.51	783.32
Debt securities	15	334,103.91	110,886.95
Borrowings (other than debt securities)	16	423,061.12	453,918.00
Other financial liabilities	17	28,242.96	33,215.07
		785,551.66	**598,814.23**
Non-financial liabilities			
Provisions	18	670.75	555.93
Deferred tax liabilities (net)	9	1,360.32	579.54
Other non-financial liabilities	19	965.35	1,110.35
		2,996.42	**2,245.82**
TOTAL LIABILITIES		**788,548.08**	**601,060.05**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	309,913.87	297,550.78
TOTAL EQUITY		**323,521.80**	**311,158.71**
TOTAL LIABILITIES AND EQUITY		**1,112,069.88**	**912,218.76**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

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

Tushar Kurani
Partner
Membership No. 118580

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Place: Mumbai
Date: 29 April 2024

Consolidated Statement of Profit and Loss

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	22		
Interest income		114,529.68	105,840.89
Fees and commission income		6,153.04	5,416.58
Net gain on fair value changes		2,543.43	2,794.52
Net gain on derecognition of financial instruments measured at amortised cost category		16,071.49	3,381.81
Total revenue from operations		**139,297.64**	**117,433.80**
Other income	23	456.37	531.54
Total income		**139,754.01**	**117,965.34**
Expenses			
Finance cost	24	68,734.22	58,025.73
Impairment on financial instruments	25	8,837.05	(4,036.08)
Employee benefit expenses	26	27,071.24	17,781.43
Depreciation and amortization expenses	27	3,321.55	3,956.35
Other expenses	28	18,825.96	18,374.89
Total expenses		**126,790.02**	**94,102.32**
Profit/(loss) before tax		**12,963.99**	**23,863.02**
Tax expense:	29		
1. Current tax		666.38	853.23
2. Tax of earlier years		(68.77)	(0.50)
3. Deferred tax expenses		783.37	495.63
Total tax expenses		**1,380.98**	**1,348.36**
Profit/(loss) after tax		**11,583.01**	**22,514.66**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(53.22)	131.73
- Income tax relating to items that will not be reclassified to profit or loss		13.40	(33.15)
		(39.82)	**98.58**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		11.47	(16.72)
- Income tax relating to items that will be reclassified to profit or loss		(2.89)	4.20
		8.58	**(12.52)**
Other comprehensive income for the year, net of tax		**(31.24)**	**86.06**
Total comprehensive income for the year		**11,551.77**	**22,600.72**
Earnings per equity share	30		
Basic earnings per share (₹)		8.51	16.55
Diluted earnings per share (₹)		8.51	16.55
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

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

Tushar Kurani
Partner
Membership No. 118580

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Place: Mumbai
Date: 29 April 2024

Consolidated Statement of Cash flows

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A	**Cash Flow from Operating Activities**		
	Profit/(loss) before tax	12,963.99	23,863.02
	Adjustments for :		
	Interest income on financial assets	(114,529.68)	(105,840.89)
	Finance costs	68,734.22	58,025.73
	Depreciation and amortisation expense	3,321.55	3,956.35
	Loss on sale of property plant and equipment	22.55	27.11
	Impairment on financial instruments	8,837.05	(4,036.08)
	Provision for employee benefits	228.40	223.98
	Employee share based payment expense	811.32	(4,350.07)
	Net gain on fair value changes	(2,543.43)	(2,794.52)
	Net gain on derecognition of financial instruments measured at amortised cost category	(16,071.49)	(3,381.81)
		(38,225.52)	**(34,307.18)**
	Interest income realised on financial assets	114,456.53	110,789.35
	Finance costs paid	(72,747.53)	(62,736.83)
	Cash generated from operating activities before working capital changes	**3,483.48**	**13,745.34**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(214,222.98)	111,669.54
	(Increase)/Decrease in other financial assets	1,280.94	(20,903.11)
	(Increase)/Decrease in other non-financial assets	(1,542.30)	(552.71)
	Increase/(Decrease) in trade payable	(650.54)	522.89
	Increase/(Decrease) in other financial liabilities	(5,650.04)	(15,464.01)
	Increase/(Decrease) in other non-financial liabilities	(144.99)	405.07
	Cash generated from / (used in) operating activities	**(217,446.43)**	**89,423.01**
	Taxes (paid) / refund	(3,326.86)	435.14
	Net cash generated from / (used in) operating activities (A)	**(220,773.29)**	**89,858.15**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(1,292.77)	(715.41)
	Sale of property, plant and equipment	7.77	14.02
	Purchase of intangible assets	(123.10)	(1,891.56)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(11,316.00)	17,334.84
	(Acquisition)/redemption of investments measured at FVTPL (net)	61,982.65	(41,665.01)
	(Acquisition)/redemption of investments measured at FVOCI (net)	(4,020.66)	(9,494.06)
	(Acquisition)/redemption of investments measured at amortised cost (net)	23,065.49	10,479.23
	Net cash (used in) / generated from investing activities (B)	**68,303.38**	**(25,937.95)**

Consolidated Statement of Cash flows

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
C Cash Flow from Financing Activities		
Proceeds from bank borrowings	276,165.34	308,167.23
Repayments towards bank borrowings	(307,929.71)	(276,245.12)
Proceeds from issuance of Non-Convertible Debentures	251,000.00	90,000.00
Repayments towards Non-Convertible Debentures	(30,090.00)	(129,000.00)
Proceeds from Commercial Papers	55,300.00	35,000.00
Repayment of Commercial Papers	(47,500.00)	(80,500.00)
Payment of lease liabilities	(1,059.42)	(1,395.39)
Net cash (used in) / generated from financing activities (C)	**195,886.21**	**(53,973.28)**
Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**43,416.30**	**9,946.92**
Cash and Cash Equivalents at the beginning of the year	**17,974.12**	**8,027.20**
Cash and Cash Equivalents at the end of the year	**61,390.42**	**17,974.12**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	421.79	323.90
Balances with banks		
- in current accounts	13,564.36	12,228.54
Deposits with original maturity of less than 3 months	47,404.27	5,421.68
Total	**61,390.42**	**17,974.12**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Mumbai
Date: 29 April 2024

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Consolidated Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹10/- each

Particulars	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2024	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93

(b) Other equity

Particulars	Reserves and surplus							Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45-1C	Statutory Reserve U/s Section 29C	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2023	**292,207.63**	**29,650.80**	**2,293.19**	**0.43**	**2,074.82**	**2,683.84**	**(31,347.41)**	**(12.52)**	**297,550.78**
Profit after tax for the year	-	-	-	-	-	-	11,583.01	-	11,583.01
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	8.58	8.58
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	(39.82)	-	(39.82)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**11,543.19**	**8.58**	**11,551.77**
Transferred from Retained earnings	-	-	881.90	-	-	-	(881.90)	-	-
Share based payment expense	-	-	-	-	811.32	-	-	-	811.32
Transfer from ESOP reserves	-	-	-	-	(763.40)	763.40	-	-	-
Balance at 31 March 2024	**292,207.63**	**29,650.80**	**3,175.09**	**0.43**	**2,122.74**	**3,447.24**	**(20,686.12)**	**(3.94)**	**309,913.87**
(ii) Balance at 1 April 2022	**292,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**279,300.14**
Profit after tax for the year	-	-	-	-	-	-	22,514.66	-	22,514.66
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	(12.52)	(12.52)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	98.58	-	98.58
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**22,613.24**	**(12.52)**	**22,600.72**
Transferred from Retained earnings	-	3,745.41	755.51	-	-	-	(4,500.92)	-	-
Share based payment expense (refer note 26)	-	-	-	-	(4,350.08)	-	-	-	(4,350.08)
Transfer from ESOP reserves	-	-	-	-	(657.06)	657.06	-	-	-
Balance at 31 March 2023	**292,207.63**	**29,650.80**	**2,293.19**	**0.43**	**2,074.82**	**2,683.84**	**(31,347.41)**	**(12.52)**	**297,550.78**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

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

Tushar Kurani
Partner
Membership No. 118580

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

Place: Mumbai
Date: 29 April 2024

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide Certificate No. N-13.02109. The Company has been classified as Middle Layer as per Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 October 2023, as amended. The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024. 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 used and new Commercial Vehicles, Corporates and SME businesses. The Company has two subsidiaries, IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset management services and IndoStar Home Finance Private Limited which is engaged in housing finance business.

2 Basis of Preparation, Basis for Consolidation and Material accounting policies

2.1.a Statement of compliance with Indian Accounting Standards ('Ind AS')

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 and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Group shall be able to continue its business for the foreseeable future . In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.1.b Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2024. 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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 Company, i.e., year ended on 31 March 2024.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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 Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business;
- the event of default;
- the event of insolvency of bankruptcy of the Group or its counterparties.

2.3 Material Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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 determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

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; and

(iii) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Group assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(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 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) Undrawn 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.

(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,

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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 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.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(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 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

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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) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

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 expenses 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
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

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Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 90 days. 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.

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 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) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

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

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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.

Significant increase in Credit Risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the Group.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

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The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12 month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12 month ECL when there is evidence of the borrower's

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improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured

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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 AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

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 Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) Fees and commission income

Fees and commission income 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

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of

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Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions :

In accordance with Ind AS 109, in case of securitisation transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee

The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs

The Group recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

All the employees of the Group are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The Group has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense, when an employee renders the related service.

(ii) Defined Benefit schemes

(a) Gratuity

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Group accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest 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) **Compensated absences**

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) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. **Determination of lease term**

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. **Discount Rate**

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees 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

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

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required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has 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.

(iii) Indirect tax

Expenses and assets are recognized net of the Goods and Services Tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax paid is recognized as part of the cost of acquisition of the asset or as part of the respective expense item, as applicable.

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 recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/allocable to the segment.

ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result.

iii) Income which relates to the Group as a whole and not allocable to segments is included in “unallocable corporate income / (expenditure)(net)”.

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in “unallocable corporate income/(expenditure)(net)”.

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at bank and cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

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 expected credit losses, fair value measurement, business projections used for the purpose of goodwill impairment etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

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- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

2.6 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2024	As at 31 March 2023
Cash and cash equivalents		
Cash on hand	421.79	323.90
Balances with banks		
- in current accounts	13,564.36	12,228.54
Deposits with original maturity of less than three months	47,404.27	5,421.68
	61,390.42	**17,974.12**

Note 4

Particulars	As at 31 March 2024	As at 31 March 2023
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	1,652.74	3,281.59
Earmarked deposits with banks	33,266.85	20,322.00
	34,919.59	**23,603.59**

Note 5

Particulars	As at 31 March 2024	As at 31 March 2023
Loans		
At amortized cost		
Business Loans		
Corporate lending	40,851.33	123,176.21
Small and medium enterprises lending (SME)	31,679.68	108,044.88
Commercial vehicle lending	554,865.24	340,293.96
Home Loans	183,686.76	133,252.18
Other loans	2,405.14	2,214.37
Total - Gross	**813,488.15**	**706,981.60**
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net	**780,983.89**	**651,567.00**
(a) Secured by tangible assets	804,052.91	688,339.56
(b) Unsecured	9,435.24	18,642.04
Total - Gross	**813,488.15**	**706,981.60**
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net	**780,983.89**	**651,567.00**
Loans in India		
(a) Public sector	-	-
(b) Others	813,488.15	706,981.60
Total - Gross	**813,488.15**	**706,981.60**
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net (a)	**780,983.89**	**651,567.00**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**780,983.89**	**651,567.00**

Footnotes:

i) Security receipts are presented as part of "Note 6 - Investments"

ii) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of property and or equipment.

iv) Also refer Note 33.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 6

Investments

Investments as at 31 March 2024

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Mutual funds	-	-	16,723.44	16,723.44
Security Receipts	117,530.96	-	-	117,530.96
Treasury Bills	-	14,210.78	-	14,210.78
Total - Gross	**117,530.96**	**14,210.78**	**16,723.44**	**148,465.18**
Investments in India	117,530.96	14,210.78	16,723.44	148,465.18
Investments outside India	-	-	-	-
Total - Gross	**117,530.96**	**14,210.78**	**16,723.44**	**148,465.18**
Less: Impairment loss allowance	(36,643.38)	-	-	(36,643.38)
Total - Net	**80,887.58**	**14,210.78**	**16,723.44**	**111,821.80**

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Investments as at 31 March 2023

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Fair value through profit or loss	
Mutual funds	-	-	76,162.66	76,162.66
Security Receipts	42,871.31	-	-	42,871.31
Treasury Bills	-	9,477.34	-	9,477.34
Total - Gross	**42,871.31**	**9,477.34**	**76,162.66**	**128,511.31**
Investments in India	42,871.31	9,477.34	76,162.66	128,511.31
Investments outside India	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**76,162.66**	**128,511.31**
Less: Impairment loss allowance	(24,576.64)	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**76,162.66**	**103,934.67**

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Note 7

Particulars	As at 31 March 2024	As at 31 March 2023
Other financial assets		
Security deposit	784.90	2,644.83
Assignment receivables	7,248.17	5,972.93
Deposits with Trustee for securitisation*	26,929.46	24,983.01
Other Receivables	3,778.30	2,017.65
	38,740.83	**35,618.42**
Less: Impairment allowance	(434.79)	(462.06)
	38,306.04	**35,156.36**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Note 8

Particulars	As at 31 March 2024	As at 31 March 2023
Current tax assets (net)		
Advance Tax (net of provision)	8,336.99	5,607.74
	8,336.99	**5,607.74**

Note 9

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	17,799.78	20,724.50
Provision for gratuity	115.29	105.61
Provision for compensated absences	46.97	31.35
Debt instruments through OCI	(2.89)	4.20
Lease liabilities	107.60	64.21
Income amortisation	(531.34)	(87.35)
Other items of disallowance	-	121.29
Depreciation on PPE and intangible assets	946.50	845.78
Carried forward book losses	24,012.02	19,575.18
Total (A)	**42,493.93**	**41,384.77**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,824.22)	(1,503.28)
Borrowing cost amortisation	(2,823.40)	(1,262.31)
Total (B)	**(12,202.72)**	**(10,320.69)**
Net deferred tax asset (A-B)	**30,291.21**	**31,064.08**
Deferred tax assets		
IndoStar Capital Finance Limited	31,651.53	31,643.62
IndoStar Home Finance Private Limited	-	-
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,651.53**	**31,643.62**
Deferred tax liabilities		
IndoStar Capital Finance Limited	-	-
IndoStar Home Finance Private Limited	1,360.32	579.54
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax liabilities (B)	**1,360.32**	**579.54**
Net deferred tax asset (A-B) (also refer Note 29)	**30,291.21**	**31,064.08**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 10

Particulars	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
Property, plant and equipment							
Cost as at 1 April 2022	**15.05**	**818.44**	**5,425.90**	**739.25**	**3,817.60**	**6,198.93**	**17,015.17**
Additions	-	69.75	357.74	94.29	193.63	1,251.35	1,966.76
Disposals	-	(84.30)	(1,163.20)	(25.52)	(83.06)	(3,461.68)	(4,817.76)
Cost as at 31 March 2023 (A)	**15.05**	**803.89**	**4,620.44**	**808.02**	**3,928.17**	**3,988.60**	**14,164.17**
Additions	-	20.83	290.47	110.33	871.14	2,983.16	4,275.93
Disposals	-	(17.84)	(112.29)	(10.42)	(45.19)	(1,093.54)	(1,279.28)
Cost as at 31 March 2024 (A)	**15.05**	**806.88**	**4,798.62**	**907.93**	**4,754.12**	**5,878.22**	**17,160.82**
Accumulated depreciation as at 1 April 2022	**-**	**519.04**	**3,669.70**	**473.21**	**2,442.46**	**2,639.22**	**9,743.63**
Depreciation charged during the year	-	168.28	1,014.05	126.60	632.28	1,163.44	3,104.65
Disposals	-	(82.29)	(1,124.74)	(25.05)	(82.87)	(2,722.60)	(4,037.55)
Accumulated depreciation as at 31 March 2023 (B)	**-**	**605.03**	**3,559.01**	**574.76**	**2,991.87**	**1,080.06**	**8,810.73**
Depreciation charged during the year	-	23.80	476.04	70.88	637.11	929.05	2,136.88
Disposals	-	(17.84)	(82.35)	(10.42)	(44.81)	(432.04)	(587.46)
Accumulated depreciation as at 31 March 2024 (B)	**-**	**610.99**	**3,952.70**	**635.22**	**3,584.17**	**1,577.07**	**10,360.15**
Net carrying amount as at 31 March 2024 (A) - (B)	**15.05**	**195.89**	**845.92**	**272.71**	**1,169.95**	**4,301.15**	**6,800.67**
Net carrying amount as at 31 March 2023 (A) - (B)	**15.05**	**198.86**	**1,061.43**	**233.26**	**936.30**	**2,908.54**	**5,353.44**

** Mortgaged as security against Secured Non-convertible Debentures*

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for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2024	As at 31 March 2023
Assets acquired in satisfaction of claim		
Assets acquired in satisfaction of claim	1,708.88	1,708.88
Provision on Assets acquired in satisfaction of claim	(408.88)	(408.88)
	1,300.00	**1,300.00**

Note 12

a) Goodwill

Particulars	Total
Cost as at 1 April 2022	30,018.69
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2024 (A)	**30,018.69**
Accumulated impairment as at 1 April 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Addition	-
Accumulated impairment as at 31 March 2024 (B)	**-**
Net carrying amount as at 31 March 2024 (A) - (B)	**30,018.69**
Net carrying amount as at 31 March 2023 (A) - (B)	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2024. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 19%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

b) Other intangible assets

Particulars	Computer Software	Total
Cost as at 1 April 2022	**2,628.55**	**2,628.55**
Additions	1,891.56	1,891.56
Disposals	-	-
Cost as at 31 March 2023 (A)	**4,520.11**	**4,520.11**
Additions	123.10	123.10
Disposals	-	-
Cost as at 31 March 2024 (A)	**4,643.21**	**4,643.21**

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Particulars	Computer Software	Total
Accumulated amortisation as at 1 April 2022	**1,316.85**	**1,316.85**
Amortisation recognised for the year	851.70	851.70
Disposals	-	-
Accumulated amortisation as at 31 March 2023 (B)	**2,168.55**	**2,168.55**
Amortisation recognised for the year	1,184.67	1,184.67
Disposals	-	-
Accumulated amortisation as at 31 March 2024 (B)	**3,353.22**	**3,353.22**
Net carrying amount as at 31 March 2024 (A) - (B)	**1,289.99**	**1,289.99**
Net carrying amount as at 31 March 2023 (A) - (B)	**2,351.56**	**2,351.56**

Note 13

Particulars	As at 31 March 2024	As at 31 March 2023
Other non-financial assets		
Prepaid expenses	1,499.04	1,393.55
Advances recoverable in cash or in kind or for value to be received	3,751.23	2,314.42
	5,250.27	**3,707.97**

Note 14

Particulars	As at 31 March 2024	As at 31 March 2023
Trade payables		
Dues to Micro, small and medium enterprises	124.16	10.89
Dues to Others	19.51	783.32
	143.67	**794.21**

Footnote : Also refer Note 37

Note 15

Debt securities

Particulars	As at 31 March 2024	As at 31 March 2023
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	326,894.38	110,886.95
Commercial paper (net of unamortised discount) (Refer note (b) below)	7,209.53	-
	334,103.91	**110,886.95**
Debt securities in India	328,775.09	110,886.95
Debt securities outside India	-	-
Total	**328,775.09**	**110,886.95**
Secured	292,067.78	110,886.95
Unsecured	36,707.31	-
Total	**328,775.09**	**110,886.95**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 9.40% <= 10.25%	>= 7.78% <= 11.40%
	Amount	Amount
0-12 Months	116,982.04	32,010.35
12-24 Months	158,644.57	78,876.60
24-36 Months	50,367.77	-
36-48 Months	600.00	-
48-60 Months	300.00	-
Total	**326,894.38**	**110,886.95**

Nature of Security:

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

(i) first pari-passu charge (along with banks and financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation on the standard asset portfolio of receivables (net of NPA) of the issuer and / or cash / cash equivalent and/or such other asset, as may be identified by the Company of ₹ 515,805 lakhs (March 2023: ₹ 459,596 lakhs); and

(ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

Other terms: 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.

(b) Commercial papers

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 8.60% <= 9.75%	-
	Amount	Amount
0-12 Months	7,209.53	-
Total	**7,209.53**	**-**

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(Currency : Indian Rupees in Lakhs)

Note 16

Borrowings

At amortised cost

Particulars	As at 31 March 2024	As at 31 March 2023
Term loans		
Term loans from Banks (Refer note (a) below)*	162,666.78	240,596.28
Term loans from Financial Institutions (Refer note (a) below)*	23,962.25	25,023.11
Term loans from NHB (Refer note (b) below)	18,143.92	22,756.77
Loans repayable on demand		
Working capital demand loans from banks **	38,885.13	25,784.06
Other borrowings	179,403.04	139,757.78
Total	**423,061.12**	**453,918.00**
Borrowings in India	423,061.12	453,918.00
Borrowings outside India	-	-
Total	**423,061.12**	**453,918.00**
Secured borrowings	423,061.12	383,473.79
Unsecured borrowings	-	70,444.21
Total	**423,061.12**	**453,918.00**

(a) Term loan from banks/FI :

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >=8.10% <= 12.00%	Rate of interest >=7.90% <= 11.50%
	Amount	Amount
0-12 Months	70,997.72	97,854.41
12-24 Months	48,839.10	123,230.55
24-36 Months	30,217.40	26,916.78
36-48 Months	14,464.87	12,730.59
48-60 Months	8,838.20	3,627.27
Above 60 Months	13,271.74	1,259.79
Total	**186,629.03**	**265,619.39**

(b) Term loans from NHB

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 8.35% <= 8.70%	Rate of interest >= 6.60% <= 8.95%
	Amount	Amount
0-12 Months	3,339.00	3,339.00
12-24 Months	3,599.19	4,452.00
24-36 Months	3,388.68	3,599.19

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(Currency : Indian Rupees in Lakhs)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 8.35% <= 8.70%	Rate of interest >= 6.60% <= 8.95%
	Amount	Amount
36-48 Months	1,740.05	3,388.68
48-60 Months	1,925.00	1,832.90
Above 60 Months	4,152.00	6,145.00
Total	**18,143.92**	**22,756.77**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (Net of provisions) of the Company and / or cash / cash equivalent and / or such other asset*

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

 # also refer note 31 (F)

(c) Working capital demand loans:

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 7.28% <= 9.52%	Rate of interest >= 9.10% <= 12.51%
	Amount	Amount
0-12 Months	38,885.13	25,784.06
Total	**38,885.13**	**25,784.06**

 # also refer 31(F)

(d) Other borrowings

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 7.70% <= 10.50%	Rate of interest >= 7% <= 10.50%
	Amount	Amount
0-12 Months	64,415.10	43,854.94
12-24 Months	51,830.09	36,101.49
24-36 Months	23,541.87	11,390.54
36-48 Months	5,159.65	4,242.22
48-60 Months	5,546.11	4,490.83
Above 60 Months	28,910.22	39,677.76
Total	**179,403.04**	**139,757.78**

 # also refer 31(F)

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 17

Particulars	As at 31 March 2024	As at 31 March 2023
Other financial liabilities		
Book overdraft	4,675.18	2,992.51
Employee benefits payable	3,437.28	2,589.64
Unamortised lease liabilities	4,686.80	3,103.51
Others	15,443.70	24,529.41
	28,242.96	**33,215.07**

Note 18

Particulars	As at 31 March 2024	As at 31 March 2023
Provisions		
Provision for employee benefits:		
- Gratuity	458.07	419.61
- Compensated absences	186.63	124.60
Others :		-
- Expected credit loss on undrawn loan commitments	26.05	11.72
	670.75	**555.93**

Note 19

Particulars	As at 31 March 2024	As at 31 March 2023
Non-financial liabilities		
Statutory dues payable	965.35	1,110.35
	965.35	**1,110.35**

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	187,500,000	18,750.00	187,500,000	18,750.00
Compulsorily Convertible Preference Share of Face Value of ₹10/- each	12,500,000	1,250.00	12,500,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	136,079,295	13,607.93	136,079,295	13,607.93
Total	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

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(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	136,079,295	13,607.93	136,079,295	13,607.93
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%

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 equity share capital

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%
Indostar Capital (Mauritius)	Promoter	23,262,583	17.09%	41,467,583	30.47%

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.

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 of Capital Management

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.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024
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(g) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2024			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	23,262,583	17.09%	(13.38%)
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	41,467,583	30.47%	-

Note 21

Particulars	As at 31 March 2024	As at 31 March 2023
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	31,083.07	29,650.80
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	3,175.09	2,293.19
Securities premium	292,207.63	292,207.63
Share options outstanding account	2,122.74	2,074.82
General reserve	3,447.24	2,683.84
Retained earnings	(22,118.39)	(31,347.41)
Debt instruments through other comprehensive income	(3.94)	(12.52)
	309,913.87	**297,550.78**

21.1 Other equity movement

Particulars	As at 31 March 2024	As at 31 March 2023
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	29,650.80	25,905.39
Add : Transferred from surplus	1,432.27	3,745.41
Closing Balance	**31,083.07**	**29,650.80**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	2,293.19	1,537.68
Add : Transferred from surplus	881.90	755.51
Closing Balance	**3,175.09**	**2,293.19**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Securities premium		
Opening Balance	292,207.63	292,207.63
Add: Transfer from ESOP reserves	-	-
Add : Premium collected on share allotment	-	-
Closing Balance	**292,207.63**	**292,207.63**
Share options outstanding account		
Opening Balance	2,074.82	7,081.96
Movement during the year	47.92	(5,007.14)
Closing Balance	**2,122.74**	**2,074.82**
General reserve		
Opening Balance	2,683.84	2,026.78
Movement during the year	763.40	657.06
Closing Balance	**3,447.24**	**2,683.84**
Retained earnings		
Opening Balance	(31,347.41)	(49,459.73)
Add: Remeasurement of defined benefit plan/obligations	(39.82)	98.58
Add: Transferred from the statement of profit and loss	11,583.01	22,514.66
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,432.27)	(3,745.41)
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(881.90)	(755.51)
Closing Balance	**(22,118.39)**	**(31,347.41)**
Other Comprehensive Income		
Opening balance	(12.52)	-
Add: Debt instruments through other comprehensive income	8.58	(12.52)
Closing balance	**(3.94)**	**(12.52)**

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.

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 Housing Finance Subsidiary is not allowed to use the reserve fund except with authorisation of National Housing Bank.

Notes to the Consolidated Financial Statements

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As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Housing Finance Subsidiary is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Housing Finance Subsidiary under Section 36(1)(viii) of the Income tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income tax Act, 1961.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

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

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forfeiture of vested options by employees.

Debt instruments through other comprehensive income

It includes gain/(loss) on fair valuation of investment in treasuy bills

Note 22

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	110,166.21	103,156.81
Interest on investments		
- Debt instruments	118.95	159.71
Interest on deposits		
- Deposits with banks	2,070.72	1,569.29
- Deposits with Trustees	1,472.49	677.45
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	701.31	277.63
	114,529.68	**105,840.89**

Notes to the Consolidated Financial Statements
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Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Fees and commission income		
- Fees Income	5,676.96	5,416.58
- Insurance Income	476.08	-
	6,153.04	**5,416.58**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,543.43	2,794.52
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	-
Total fair value changes	**2,543.43**	**2,794.52**
Fair value changes:		
- Realised	2,520.76	2,628.72
- Unrealised	22.67	165.80
Total fair value changes	**2,543.43**	**2,794.52**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	11,668.14	-
- Assignment Income	4,403.35	3,381.81
	16,071.49	**3,381.81**
Total	**139,297.64**	**117,433.80**

Note 23

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Other income		
Miscellaneous income	157.99	158.72
Interest on income tax refund	298.38	372.82
	456.37	**531.54**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	26,039.29	33,628.51
Other borrowings (including Inter Corporate Deposits)	14,400.44	13,904.56
Interest expense on debt securities		
Debentures	26,192.24	7,083.30
Commercial paper	1,203.87	1,975.70
Other interest expense		
Bank charges & other related costs	898.38	1,433.66
	68,734.22	**58,025.73**

Note 25

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(10,843.60)	(51,864.48)
Financial assets written off (net of recovery)	20,780.08	48,663.34
Impairment on others		
Undrawn loan commitments	14.33	(30.16)
Provision on co-lending arrangements	(1,086.49)	(897.47)
Others	(27.27)	92.69
	8,837.05	**(4,036.08)**

Note 26

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Employee Benefits Expenses		
Salaries, other allowances and bonus	24,320.11	20,798.99
Gratuity expenses	133.40	201.54
Compensated absences	95.00	22.44
Contribution to provident and other funds	998.44	836.57
Staff welfare expenses	687.28	242.48
Share based payment expense	811.32	(4,350.07)
Employee shared service costs recovered	25.69	29.48
	27,071.24	**17,781.43**

Footnote : During the quarter ended 31st March 2023, certain employees to whom stock options issued in accordance with ESOP plans disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to ₹ 4,421.94 lakh for the year ended 31 March 2023.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 27

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,136.88	3,104.65
Amortisation of intangible assets	1,184.67	851.70
	3,321.55	**3,956.35**

Note 28

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Other Expenses		
Rent	1,141.86	1,087.03
Rates & taxes	175.23	57.52
Printing and stationery	318.86	135.75
Travelling & conveyance	1,530.42	1,277.22
Advertisement	89.53	130.59
Business Promotion	29.28	11.55
Commission & brokerage	98.52	100.92
Office expenses	3,006.83	2,561.03
Directors' fees & commission	34.95	44.85
Insurance	618.90	528.16
Communication expenses	700.11	569.73
Payment to auditors (note below)	212.31	403.28
CSR expenses (note below)	90.67	62.86
IT Support charges	2,571.76	2,101.73
Legal & professional charges	7,930.90	9,001.40
Loss on sale of property plant and equipment	22.55	27.11
Membership & subscriptions	76.78	96.62
Other shared service costs recovered	135.02	151.92
Other fees and commission	41.08	25.25
Provision for doubtful advances	0.40	0.37
	18,825.96	**18,374.89**
Payment to auditor includes:		
a) Statutory Audit	172.06	351.16
b) Tax Audit	1.50	1.50
c) Certifications	20.54	11.50
d) Others	18.21	39.12
Total	**212.31**	**403.28**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	90.67	62.86
b) Amount of expenditure incurred	90.67	62.86
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for short fall	NA	NA
f) Nature of CSR activities	Women Empowerment, Education, Healthcare and Sanitation	
g) Details of related party transactions (refer note 33)	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense		
1. Current tax	666.38	853.23
2. Tax of earlier years	(68.77)	(0.50)
	597.61	**852.73**
Deferred tax expense		
3. Deferred tax expenses	783.37	495.63
	783.37	**495.63**
Tax expense for the year	**1,380.98**	**1,348.36**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	(53.22)	13.40	(39.82)	131.73	(33.15)	98.58
- Debt instruments through other comprehensive income	11.47	(2.89)	8.58	(16.72)	4.20	(12.52)
Tax expense for the year	**(41.75)**	**10.51**	**(31.24)**	**115.01**	**(28.95)**	**86.06**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	**12,963.99**	**23,863.02**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	3,262.77	6,005.84
Difference in tax rate due to:		
- Effect of non-deductible expenses	53.18	79.51
- tax expense of earlier years	(68.77)	(0.50)
- Others	(1,866.20)	(4,736.49)
Total tax expense	**1,380.98**	**1,348.36**
Current tax	666.38	853.23
Tax expense of earlier year	(68.77)	(0.50)
Deferred tax	783.37	495.63
	1,380.98	**1,348.36**

Notes to the Consolidated Financial Statements

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(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2024			
	Net balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	20,724.50	(2,924.72)	-	17,799.78
Provision for gratuity	105.61	(3.72)	13.40	115.29
Provision for leave encashment	31.35	15.62	-	46.97
Income amortisation	(87.35)	(443.99)	-	(531.34)
Depreciation on PPE and intangible assets	845.78	100.72	-	946.50
Carried forward losses	19,575.18	4,436.84	-	24,012.02
Debt instruments through OCI	4.20	(4.20)	(2.89)	(2.89)
Lease liabilities	64.21	43.39	-	107.60
Other items of disallowance	121.29	(121.29)	-	-
Deferred tax liability				
Borrowing cost amortisation	(1,262.31)	(1,561.09)	-	(2,823.40)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,503.28)	(320.93)	-	(1,824.22)
Deferred tax assets / (Liabilities)	**31,064.08**	**(783.37)**	**10.51**	**30,291.21**

Particulars	As at 31 March 2023			
	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	33,220.00	(12,495.50)	-	20,724.50
Provision for gratuity	127.89	10.87	(33.15)	105.61
Provision for leave encashment	38.22	(6.87)	-	31.35
Income amortisation	172.39	(259.74)	-	(87.35)
Depreciation on PPE and intangible assets	705.55	140.23	-	845.78
Carry forward losses	6,005.75	13,569.43	-	19,575.18
Debt instruments through OCI	-	-	4.20	4.20
Lease liabilities	47.95	16.26	-	64.21
Other items of disallowance	581.14	(459.85)	-	121.29
Deferred tax liability				
Borrowing cost amortisation	(536.59)	(725.72)	-	(1,262.31)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,218.54)	(284.74)	-	(1,503.28)
Deferred tax assets / (Liabilities)	**31,588.66**	**(495.63)**	**(28.95)**	**31,064.08**

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan.Deferred tax asset of ₹ 2,515.88 lakhs (Previous year: ₹ 4,584.61 lakhs) on Unused Carried forward losses is yet to be recognized.

Notes to the Consolidated Financial Statements

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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 2024	For the year ended 31 March 2023
i.	**Profit attributable to equity holders (A)**		
	Profit attributable to equity holders for basic and diluted EPS	11,583.01	22,514.66
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	136,079,295	136,079,295
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	136,135,973	136,079,428
iv.	**Basic earnings per share (₹)**	8.51	16.55
v.	**Diluted earnings per share (₹)**	8.51	16.55

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 management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other financial liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

The Group's risk management framework is based on:

(a) Clear understanding and identification of various risks;

(b) Disciplined risk assessment by evaluating the probability and impact of each risk;

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks; and

(d) Adequate review mechanism to monitor and control risks.

The Group's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a an established risk reporting and monitoring framework. The Group identifies and monitors risks periodically. This process enables the Group to reassess the all critical risks in a changing environment that need to be focused on.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

C. Risk governance structure:

The Group's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Notes to the Consolidated Financial Statements

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(Currency : Indian Rupees in Lakhs)

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 2024							
	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	16,723.44	-	-	16,723.44	16,723.44	-	-	16,723.44
(b) Investments in Security Receipts	-	-	80,887.58	80,887.58	-	-	80,887.58	80,887.58
(c) Treasury Bills	-	14,210.78	-	14,210.78	14,210.78	-	-	14,210.78
Total	**16,723.44**	**14,210.78**	**80,887.58**	**111,821.80**	**30,934.22**	**-**	**80,887.58**	**111,821.80**

* *based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses.*

Particulars	As at 31 March 2023							
	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	76,162.66	-	-	76,162.66	76,162.66	-	-	76,162.66
(b) Investments in Security Receipts	-	-	18,294.67	18,294.67	-	-	18,294.67	18,294.67
(c) Treasury Bills	-	9,477.34	-	9,477.34	9,477.34	-	-	9,477.34
Total	**76,162.66**	**9,477.34**	**18,294.67**	**103,934.67**	**85,640.00**	**-**	**18,294.67**	**103,934.67**

* *based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses.*

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**42,871.31**	**42,871.31**	**-**	**-**	**41,280.54**	**41,280.54**
Reclassified from loan assets	-	-	90,051.90	90,051.90	-	-	12,070.00	12,070.00
Assets derecognised or repaid (excluding write offs)	-	-	(15,392.25)	(15,392.25)	-	-	(10,479.23)	(10,479.23)
Gross carrying amount closing balance	**-**	**-**	**117,530.96**	**117,530.96**	**-**	**-**	**42,871.31**	**42,871.31**

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Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	24,576.64	24,576.64	-	-	18,216.64	18,216.64
Incremental provision (net)	-	-	12,066.74	12,066.74	-	-	6,360.00	6,360.00
	-	**-**	**36,643.38**	**36,643.38**	**-**	**-**	**24,576.64**	**24,576.64**

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 2024							
	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
Loans covered under Ind AS 109	-	-	780,983.89	780,983.89	-	-	780,983.89	780,983.89
Total	**-**	**-**	**780,983.89**	**780,983.89**	**-**	**-**	**780,983.89**	**780,983.89**

Particulars	As at 31 March 2023							
	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
Loans covered under Ind AS 109	-	-	651,567.00	651,567.00	-	-	651,567.00	651,567.00
Total	**-**	**-**	**651,567.00**	**651,567.00**	**-**	**-**	**651,567.00**	**651,567.00**

** Discounted cash flow approach adopted for fair valuation of loans*

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.

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail

- Nature of product i.e. Commercial Vehicle, Corporate lending, SME and Housing Finance

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Significant increase in credit risk

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Group records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 90 days. 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.

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 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.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Group shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021."

The calculation of ECL

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:

For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending
4) Housing finance"

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 either on individual basis or on 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 and Commercial vehicle loans and Housing Finance.

Forward looking information

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GNI growth
- GDP deflator

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For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	**538,756.75**	**120,333.23**	**47,891.62**	**706,981.60**	**587,022.07**	**176,994.63**	**120,316.24**	**884,332.94**
New assets originated or purchased	550,721.54	8,739.24	3,530.23	562,991.01	192,543.01	5,190.64	2,621.02	200,354.67
Assets derecognised or repaid (excluding write offs)	(278,160.56)	(51,433.38)	(20,078.91)	(349,672.85)	(233,124.09)	(40,047.22)	(43,752.64)	(316,923.95)
Transfers to stage 1	31,261.74	(25,502.97)	(5,758.77)	-	49,084.52	(39,642.81)	(9,441.71)	-
Transfers to stage 2	(84,225.84)	90,931.23	(6,705.39)	-	(44,291.26)	49,720.05	(5,428.79)	-
Transfers to stage 3	(8,964.19)	(23,367.14)	32,331.33	-	(12,477.50)	(10,268.63)	22,746.13	-
Amounts written off (net of recovery)	-	(9,693.89)	(11,060.82)	(20,754.71)	-	(17,484.99)	(31,227.07)	(48,712.06)
Presented under Investments as Security Receipts*	(4,877.00)	(74,367.87)	(6,812.03)	(86,056.90)	-	(4,128.44)	(7,941.56)	(12,070.00)
Gross carrying amount closing balance	**744,512.44**	**35,638.45**	**33,337.26**	**813,488.15**	**538,756.75**	**120,333.23**	**47,891.62**	**706,981.60**

** Presented under Investments in Security Receipts (Refer to Note 31(D))*

$Reasonable steps are being taken by the Management for recovery of the principal and interest.

Reconciliation of ECL balance is given below:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**11,554.30**	**17,885.85**	**25,974.45**	**55,414.60**	**9,667.70**	**35,594.30**	**68,377.07**	**113,639.07**
New assets originated or purchased	12,111.11	551.71	1,567.86	14,230.68	6,084.87	202.04	1,140.31	7,427.22
Assets derecognised or repaid (excluding write offs)	(6,537.73)	(5,365.80)	(10,012.97)	(21,916.50)	(6,986.04)	(10,799.98)	(25,614.06)	(43,400.08)
Transfers to stage 1	5,011.53	(2,021.86)	(2,989.67)	-	10,172.55	(4,909.63)	(5,262.92)	-
Transfers to stage 2	(4,123.41)	7,191.50	(3,068.09)	-	(1,111.17)	4,124.28	(3,013.11)	-
Transfers to stage 3	(2,114.36)	(2,128.93)	4,243.29	-	(1,975.63)	(1,407.02)	3,382.65	-
"Impact on year end ECL on exposures transferred between stages during the year"	(4,756.63)	(154.26)	12,880.75	7,969.86	(4,233.25)	2,517.07	10,248.39	8,532.21
Amounts written off (net of recovery)	(130.46)	(13,522.51)	(9,541.41)	(23,194.38)	(64.73)	(7,435.21)	(23,283.88)	(30,783.82)
ECL allowance - closing balance	**11,014.35**	**2,435.70**	**19,054.21**	**32,504.26**	**11,554.30**	**17,885.85**	**25,974.45**	**55,414.60**

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F. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the Group is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Group. Basis the liquidity position assessed under various stress scenarios; the Group reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

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

As on 31 March 2024

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	143.67	-	-	-	143.67
Debt securities	9,015.08	115,176.48	209,912.35	-	334,103.91
Borrowings (other than debt securities)	46,894.84	130,750.65	199,098.28	46,317.35	423,061.12
Other financial liabilities	23,777.97	693.30	3,342.79	428.90	28,242.96
Total	**79,831.56**	**246,620.43**	**412,353.42**	**46,746.25**	**785,551.66**

Footnote:

- *The above inflows and outflows is based on scheduled maturity of the financial instruments.*
- *The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 4,375.00 lakhs scheduled for payment after 31 March 2025 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹ 6,669.00 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.*
- *Also refer Note 41*

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As on 31 March 2023

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	794.21	-	-	-	794.21
Debt securities	14,336.24	17,674.11	78,876.60	-	110,886.95
Borrowings (other than debt securities)	49,396.40	121,484.26	235,993.88	47,043.46	453,918.00
Other financial liabilities	29,755.45	467.91	2,391.82	599.89	33,215.07
Total	**94,282.30**	**139,626.28**	**317,262.30**	**47,643.35**	**598,814.23**

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

As on 31 March 2024

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	334,103.91	-	-	334,103.91	334,103.91
Borrowings (other than debt securities)	423,061.12	-	-	423,061.12	423,061.12
Total	**757,165.03**	**-**	**-**	**757,165.03**	**757,165.03**

** Discounted cash flow approach adopted for fair valuation of borrowings*

As on 31 March 2023

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	110,886.95	-	-	110,886.95	110,886.95
Borrowings (other than debt securities)	453,918.00	-	-	453,918.00	453,918.00
Total	**564,804.95**	**-**	**-**	**564,804.95**	**564,804.95**

** Discounted cash flow approach adopted for fair valuation of borrowings*

G. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

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H. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Note 32

Disclosure pursuant to Ind AS 108 "Operating Segment

Business segments

The Group has identified operating segments based on performance assessment and resource allocation by the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other revenue/expenses which primarily consists of tax expenses and other income are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable, which primarily consists of current tax and deferred tax assets/ liabilities and investments. As the operations of the Group are carried out within India, there are no geographical segments. The Group operates in the following segments:

Large Corporate segment provides loans to medium and large-sized corporates, institutional customers and real estate developers.

SME segment provides lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements.

Commercial vehicle segment primarily consists of financing for used and new vehicles.

Housing Finance segment consists of affordable home financing to self-employed and salaried customers.

Particulars		Year ended 31 March 2024	Year ended 31 March 2023
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	8,492.43	17,684.75
(b)	SME	10,296.45	17,315.66
(c)	Commercial vehicles	86,687.99	56,312.04
(d)	Housing finance	29,042.69	20,924.18
(e)	Unallocated*	5,234.45	5,728.71
	Segment revenue from continuing operations	**139,754.01**	**117,965.34**
II	**Segment results**		
(a)	Large corporate	(14,966.17)	5,746.03
(b)	SME	9,457.31	4,233.45
(c)	Commercial vehicles	23,853.89	16,196.75
(d)	Housing finance	5,786.32	5,123.21
(e)	Unallocated**	(11,167.36)	(7,436.42)
	Profit/(loss) before tax	**12,963.99**	**23,863.02**

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Particulars		Year ended 31 March 2024	Year ended 31 March 2023
III	**Segment assets**		
(a)	Large corporate	92,130.57	108,709.00
(b)	SME	47,060.61	101,804.00
(c)	Commercial vehicles	601,248.81	387,379.00
(d)	Housing finance	219,829.23	145,427.00
(e)	Unallocated***	151,800.66	168,899.76
	Total assets	**1,112,069.88**	**912,218.76**
IV	**Segment liabilities**		
(a)	Large corporate	62,481.88	62,953.00
(b)	SME	35,115.03	66,821.00
(c)	Commercial vehicles	423,671.13	278,394.00
(d)	Housing finance	161,714.96	91,714.00
(e)	Unallocated****	105,565.08	101,178.05
	Total liabilities	**788,548.08**	**601,060.05**

* *Unallocated includes income from treasury assets and other income*

** *Unallocated includes other operating expenses*

*** *Unallocated includes treasury assets and advance/tax deducted (net), deferred tax asset (net)*

**** *Unallocated includes other liabilities, deferred tax liabilities*

Note 33

Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**

Brookfield Asset Management Inc.

II. **Holding Company**

BCP V Multiple Holdings Pte. Ltd.

III. **Names of other related parties with whom the Group had transactions during the year:**

Key Managerial Personnel

Karthikeyan Srinivasan - CEO & Whole Time Director
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

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b) Transactions with Holding Company

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Upfront Fees Paid	1,228.41	4,018.68

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	196.44	209.11
Sitting fees to Non-Executive Independent Directors	34.95	40.54
Reimbursement of expenses	1.62	0.37

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

d) Transactions other than those with key management personnel : Nil

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

Particulars		Holding Company	Key Managerial Personnel*
Reimbursement of expenses	2024	-	-
	2023	1,351.37	-
Loans outstanding	2024	-	2,500.00
	2023	-	2,500.00

** interest free loan receivable from KMP (upto 17 April 2022)*

Note 34

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

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Type of Services or service		
Fees and commission income	6,153.04	5,416.58
Total revenue from contracts with customers	**6,153.04**	**5,416.58**
Geographical markets		
India	6,153.04	5,416.58
Outside India	-	-
Total revenue from contracts with customers	**6,153.04**	**5,416.58**
Timing of revenue recognition		
Services transferred at a point in time	6,153.04	5,416.58
Services transferred over time	-	-
Total revenue from contracts with customers	**6,153.04**	**5,416.58**

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Note 35

Contingent liabilities and Commitments

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities		
Corporate guarantee given by Company to banks	2,375.00	2,875.00
Litigation cases filed against the Company	71.04	-
Income tax matters under dispute	602.14	-
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	86.95	291.55
Loans sanctioned not yet disbursed	22,167.16	48,695.89

Note 36

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	3,103.51	3,749.94
Add : additions during the year	2,957.43	1,132.85
Add : Interest on lease liability	389.35	336.66
Less : Deletions	(705.55)	(720.55)
Less : Lease rental payments	(1,057.94)	(1,395.39)
	4,686.80	**3,103.51**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2024	As at 31 March 2023
Not later than one year	1,334.59	882.80
Later than one year but not later than five years	4,113.10	2,427.27
Later than five years	479.24	680.81
	5,926.93	**3,990.88**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability		
Less than 12 months	915.11	611.79
More than 12 months	3,771.69	2,491.72
	4,686.80	**3,103.51**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 37

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

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

Particulars		As at 31 March 2024	As at 31 March 2023
a.	Principal amount remaining unpaid	124.16	10.89
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	0.07
e.	Interest accrued and remaining unpaid	-	-
f.	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As on 31 March 2024

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	124.16	-	-	-	124.16
(ii) Others	19.51	-	-	-	19.51
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As on 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	10.89	-	-	-	10.89
(ii) Others	751.62	31.70	-	-	783.32
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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 2024	As at 31 March 2023
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	462.75	423.97
	Fair value of plan assets as at the end of the year	4.68	4.36
	Net asset / (liability) to be recognized in the balance sheet	**458.07**	**419.61**
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	423.97	512.22
	Current service cost	110.73	172.41
	Past service cost	-	3.89
	Interest cost	26.22	17.76
	Benefits paid	(148.16)	(158.34)
	Actuarial (gain) / loss on obligation	49.99	(123.97)
	Projected benefit obligation at the end of the year	**462.75**	**423.97**
C.	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	4.36	4.09
	Return on plan assets	3.55	5.07
	Actuarial gain/(loss)	(3.23)	(4.80)
	Benefits paid	-	-
	Fair value of plan assets at the end of the year	**4.68**	**4.36**
D.	**Amount recognised in the statement of profit and loss**		
	Current service cost	110.73	172.41
	Past service cost and loss/(gain) on curtailments and settlement	-	-
	Net interest cost	22.67	29.13
	Expenses recognised in the statement of profit and loss	**133.40**	**201.54**
E.	**Amount recognised in other comprehensive income**		
	Actuarial (gains) / loss		
	- change in financial assumption	2.20	(4.26)
	- change in demographic assumption	-	(74.44)
	- experience variation	47.79	(57.83)
	Return on plan assets, excluding amount recognised in net interest expense	3.23	4.80
		53.22	**(131.73)**

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
F. Assumptions used		
Discount rate	7.15%	7.30%
Salary growth rate	6.00%	6.00%
Withdrawal rates	50% at younger ages reducing to 10% at older ages	50% at younger ages reducing to 10% 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 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	455.50	470.23	418.04	430.08
Salary growth rate (0.5% movement)	470.05	455.53	430.11	418.20
Withdrawal rate (10% movement)	449.93	476.58	416.57	431.92

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 107.09 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.25 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

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 2024		As at 31 March 2023	
	As % of Consolidated Net assets"	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	95.88%	310,204.46	97.14%	302,255.29
Subsidiaries				
IndoStar Home Finance Private Limited	17.96%	58,114.27	17.26%	53,713.50
IndoStar Asset Advisory Private Limited	0.15%	473.65	0.15%	461.52
Less: Inter-Company eliminations	-13.99%	(45,270.58)	-14.55%	(45,271.60)
Total	**100.00%**	**323,521.80**	**100.00%**	**311,158.71**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Share of Profit or Loss

Particulars	As at 31 March 2024		As at 31 March 2023	
	As % of Consolidated profit or loss	₹ Lakhs	As % of Consolidated profit or loss	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	61.83%	7,161.37	83.18%	18,727.05
Subsidiaries				
IndoStar Home Finance Private Limited	38.07%	4,409.51	16.78%	3,777.54
IndoStar Asset Advisory Private Limited	0.10%	12.13	0.04%	10.07
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**11,583.01**	**100.00%**	**22,514.66**

Share of Other comprehensive income

Particulars	As at 31 March 2024		As at 31 March 2023	
	As % of Consolidated Other comprehensive income	₹ Lakhs	As % of Consolidated Other comprehensive income	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	75.29%	(23.52)	89.08%	76.66
Subsidiaries				
IndoStar Home Finance Private Limited	24.71%	(7.72)	10.92%	9.40
IndoStar Asset Advisory Private Limited	-	-	-	-
Minority interest	-	-	-	-
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**(31.24)**	**100.00%**	**86.06**

Share of Total comprehensive income

Particulars	As at 31 March 2024		As at 31 March 2023	
	As % of Consolidated Total comprehensive income	₹ Lakhs	As % of Consolidated Total comprehensive income	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	61.79%	7,137.85	83.20%	18,803.71
Subsidiaries				
IndoStar Home Finance Private Limited	38.10%	4,401.79	16.76%	3,786.94
IndoStar Asset Advisory Private Limited	0.11%	12.13	0.04%	10.07
Minority interest	-	-	-	-
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**11,551.77**	**100.00%**	**22,600.72**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Note 40

Employee stock option plans

The Group provides share-based employee benefits to the employees of the parent Company , or Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the Company, or a Subsidiary Company ,such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the year ended 31 March 2024, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2024, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	1,500,000	2,700,000	3,000,000	2,000,000	6,000,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				
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 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	None				
Method used for accounting of options	Fair Value Method				

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

II. Option Movement during the year ended 31 March 2024

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	35,700	1,913,000	146,500	230,000	398,500
Options granted during the year	-	-	-	-	4,600,492
Options forfeited / lapsed during the year	3,950	573,500	136,500	74,750	296,856
Options exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of options outstanding at the end of the year	31,750	1,339,500	10,000	155,250	4,702,136
Number of options exercisable at the end of the year	14,250	359,950	10,000	155,250	114,450
The weighted average market price of shares exercised during the year ended 31 March 2024 (₹ Per share)	-	-	-	-	-

III. Option Movement during the year ended 31 March 2023

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	35,700	1,510,500	348,000	1,719,500	3,027,500
Options granted during the year	-	984,500	-	-	-
Options forfeited / lapsed during the year	-	582,000	201,500	1,489,500	2,629,000
Options exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of options outstanding at the end of the year	35,700	1,913,000	146,500	230,000	398,500
Number of options exercisable at the end of the year	13,200	332,000	146,500	230,000	163,500
The weighted average market price of shares exercised during the year ended 31 March 2023 (₹ Per share)	-	-	-	-	-

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)	281.00 - 437.00	139.00 - 437.00	255.00	437.00	131.45 - 437.00
No. of Options Outstanding as on 31 March 2024	31,750	1,339,500	10,000	155,250	4,702,136
Contractual Life (in years)	4.32	4.70	0.55	2.01	6.04

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

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	NA	NA	NA	NA	7.02%
Weighted average expected life (in years)	NA	NA	NA	NA	3.80
Expected volatility	NA	NA	NA	NA	44.92%
Dividend yield	NA	NA	NA	NA	0.0%
Exercise Price	NA	NA	NA	NA	199.86
Weighted average exercise price (₹ per share)	NA	NA	NA	NA	199.86

VI. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	As at 31 March 2024	As at 31 March 2023
Employee share based expense	811.32	(4,350.07)
Total ESOP reserve outstanding	2,122.74	2,074.82

Note 41 - Maturity pattern of Assets and Liabilities

An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	61,390.42	-	61,390.42	17,974.12	-	17,974.12
Bank balances other than cash and cash equivalents	6,782.02	28,137.57	34,919.59	1,880.49	21,723.10	23,603.59
Loans	223,166.62	557,817.27	780,983.89	175,355.77	476,211.23	651,567.00
Investments	43,684.22	68,137.58	111,821.80	85,640.00	18,294.67	103,934.67
Other financial assets	4,370.43	33,935.61	38,306.04	2,023.38	33,132.98	35,156.36
Non-financial assets						
Current tax assets (net)	-	8,336.99	8,336.99	-	5,607.74	5,607.74
Deferred tax assets (net)	-	31,651.53	31,651.53	-	31,643.62	31,643.62
Property, plant and equipment	-	6,800.67	6,800.67	-	5,353.44	5,353.44
Assets acquired in satisfaction of claim	-	1,300.00	1,300.00	-	1,300.00	1,300.00
Goodwill	-	30,018.69	30,018.69	-	30,018.69	30,018.69
Other intangible assets	-	1,289.99	1,289.99	-	2,351.56	2,351.56
Other non-financial assets	4,389.85	860.42	5,250.27	3,286.71	421.26	3,707.97
TOTAL ASSETS	**343,783.56**	**768,286.32**	**1,112,069.88**	**286,160.47**	**626,058.29**	**912,218.76**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2024

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	143.67	-	143.67	794.21	-	794.21
Debt securities	124,191.56	209,912.35	334,103.91	32,010.36	78,876.59	110,886.95
Borrowings (other than debt securities)*	177,645.48	245,415.64	423,061.12	170,880.66	283,037.34	453,918.00
Other financial liabilities	24,471.27	3,771.69	28,242.96	30,223.36	2,991.71	33,215.07
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	219.23	451.52	670.75	162.18	393.75	555.93
Deferred Tax Liability	-	1,360.32	1,360.32	-	579.54	579.54
Other non-financial liabilities	965.35	-	965.35	1,110.35	-	1,110.35
TOTAL LIABILITIES	**327,636.56**	**460,911.52**	**788,548.08**	**235,181.12**	**365,878.93**	**601,060.05**

** also refer note 31(G)*

Note 42

Other notes

Note 42.1

In relation to the loans portfolio, the Management has on a best effort basis and knowledge, has not identified transactions with Nil financiers (previous year Nil) aggregating ₹ Nil (previous year Nil) used for refinancing loans of the customers.

Note 42.2

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Group, same are not covered:

a) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988) and rules made thereunder.

c) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Group has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

g) In respect of the disclosure required vide notification dated March 24, 2021 issued by Ministry of Corporate Affairs, the Group has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such transactions which may be required to be reported.

Notes to the Consolidated Financial Statements
for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

h) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

i) Other than the loans and advances given in normal course of business, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Group has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

j) Title deed of immovable property has been held in the name of the Company

Note 43

Figures for the previous year have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

In terms of our report attached
For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No. 118580

Place: Mumbai
Date: 29 April 2024

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

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 or associate companies or joint ventures

Part A Subsidiaries

(Currency : Indian Rupees Lakhs)

Sl. No.	Particulars	1	2
1	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	1 April 2023 to 31 March 2024	1 April 2023 to 31 March 2024
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital		
	Authorised capital	10.00	100,000.00
	Paid-up Capital	1.00	45,000.00
5	Reserves & surplus	472.65	13,114.27
6	Total Assets	476.96	219,829.23
7	Total Liabilities	476.96	219,829.23
8	Investments	-	-
9	Turnover	-	29,004.89
10	Profit / (loss) before taxation	16.31	5,786.31
11	Provision for taxation	4.18	1,376.80
12	Profit / (loss) after taxation	12.13	4,409.51
13	Proposed Dividend	Nil	Nil
14	Extent of shareholding (in percentage)	100%	100%

Notes:

Names of subsidiaries which are yet to commence operations: Not applicable

Names of subsidiaries which have been liquidiated or sold during the year: Not applicable

Part B Associates and Joint Ventures - Not applicable

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

INDOSTAR

REGISTERED & CORPORATE OFFICE:

Silver Utopia, Third Floor, Unit No. 301-A,
Opposite P & G Plaza, Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai – 400099.
Tel No.: +91 22 4315 7000
E-mail: investor.relations@indostarcapital.com

www.indostarcapital.com