ANNUAL REPORT | **2022-23**

INDOSTAR

Strengthening Capabilities.
Sustaining Growth.
Building a Better and Brighter Future.

INDOSTAR CAPITAL FINANCE LIMITED

Contents

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HIGHLIGHTS OF INDOSTAR CAPITAL FINANCE 2.0

₹ 7,813 crore
AUM

₹ 2,099 crore
Disbursement

₹ 599 crore
Net Total Income

31.5%
CRAR*

6.1%
Net Interest Margin

Credit Rating Crisil: Watch Negative
Short Term: (A1+)
Long Term: (AA-)

₹ 1,069 crore
Cash and cash equivalent

427
Branches

CARE: Stable
Short Term: (A1+)
Long Term: (A+)

** At Standalone Level*

Strengthening Capabilities.
Sustaining Growth.
Building a Better and Brighter Future.

With clear strategies on our key business segments, healthy liquidity and balance sheet, and improved asset quality, we continued to strengthen our proficiencies, with future growth driven by an increased offtake in commercial vehicles and affordable housing. Our strong capitalisation levels, comfortable gearing, low leverage and healthy liquidity grants us this confidence.

As we continue to serve the unique needs of our customers, our key objectives are aimed at deepening our national footprint, building a granular portfolio, reducing the size of our stressed asset book and strengthening our systems and processes. We continue to further build on our capabilities, infrastructure and processes, engage more with retail customers, drive further market presence, building momentum on all fronts and driving towards a promising future.

Going forward, the improvement in macroeconomic environment, massive pent-up demand in our key focus areas and growing market opportunities are helping us build a solid book. Today, with a changed DNA, we are looking ahead confidently, and are ready for IndoStar 2.0.

A Dynamic Stewardship. An Intrinsic Value System.

BEING THE "GO-TO" NBFC IN RETAIL LENDING

IndoStar Capital Finance is a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systematically important deposit-taking company. We are a professionally managed and institutionally-owned organisation, with BCPV Multiple Holdings Pte Ltd (Brookfield) and Everstone Group being our co-promoters.

SERVING MORE THAN 88,000 HAPPY CUSTOMERS

Through our diversified portfolio, we have assisted more than 88,000 customers gain access to financial products and serve their aspirations.

We are engaged in providing structured term financing solutions to corporates; used and new vehicle financing for transporters; and home finance solutions to home loan borrowers (through our wholly-owned subsidiary IndoStar Home Finance Private Limited); and loans to SME borrowers in India.

HEALTHY LIQUIDITY POSITION

During the year, Company has maintained healthy liquidity position. With the help of two reputed Promoters "Brookfield" and "Everstone", IndoStar has raised ₹ 3,967 crore on consolidated basis through Term loan from Banks and Financial Institutions, Non-convertible Debentures and Securitisation.

CREDIT RATING

We are rated by CRISIL and CARE. While CRISIL has rated us AA- (with negative watch), CARE has rated us A+(Stable)for long term and short term rating is at A1+(PLUS).

KEY OBJECTIVE

We wish to become the "go-to" NBFC in retail lending, particularly in vehicle finance, housing finance and SME finance. Our key objective is to become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base of India, and deliver greater value to our stakeholders.

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

BUSINESS SNAPSHOT

Our Financial Solutions for "Your path to a better life"

CV Finance

We provide financing for used and new commercial vehicles

Housing Finance

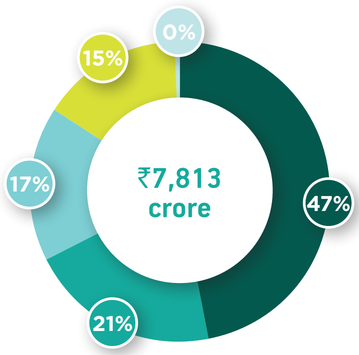
Through our 100% subsidiary IndoStar Home Finance, we provide affordable home financing solutions to the self-employed and salaried individuals

SME Finance

We are the financiers for small and medium enterprises, enabling them to fulfil their business growth plans

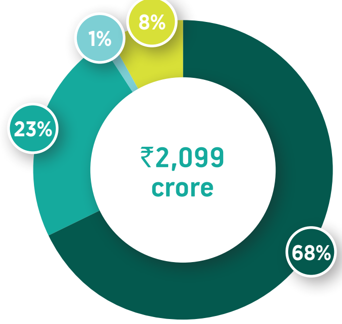
BUSINESS-WISE CONTRIBUTION

Assets under Management



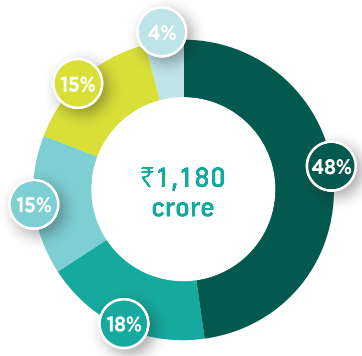
- CV Finance ₹ **3,672** Crore
- Housing Finance ₹ **1,623** Crore
- SME Finance ₹ **1,293** Crore
- Corporate Lending ₹ **1,200** Crore
- Others ₹ **25** Crore

Gross Disbursements



- CV Finance ₹ **1,436** Crore
- Housing Finance ₹ **487** Crore
- SME Finance ₹ **14** Crore
- Corporate Lending ₹ **162** Crore

Revenue



- CV Finance ₹ **566** Crore
- Housing Finance ₹ **209** Crore
- SME Finance ₹ **173** Crore
- Corporate Lending ₹ **177** Crore
- Other Revenue ₹ **55** Crore

Chairman's Message

DEAR SHAREHOLDERS,

We are delighted to share our thoughts with you on the completion of the 14th year of our business. Today, we have now strengthened our work culture and thereby reenergised our workforce, with all now waiting to see the next phase of growth.

It's been our endeavour to serve the unique financial needs of our customers. And this will be our foundation to take our growth story forward.

YEAR IN RETROSPECT

We began the year in the backdrop of the strength of underlying demand drivers – improving GDP growth despite a strained global geopolitical situation, reducing inflationary pressures, robust GST collections, and an increasing thrust on infrastructure development. Your management has worked assiduously to strengthen operating controls and processes, and to expand and deepen the senior management team. At the same time, the strong backing provided by Brookfield and Everstone has helped us in enhancing our capital base and provided us with added financial flexibility. The year was a landmark due to a historic milestone of having raised incremental funding of around ₹ 3,967 crore on consolidated basis, which bolstered our liquidity position and reflected in a significant improvement in our Asset Liability profile. The Company has recovered well after a couple of quarters of negative growth.

We welcome Karthikeyan Srinivasan as our new CEO, and Vinodkumar as our CFO. Karthikeyan had joined the Company in May 2022 as the Chief Risk Officer. We have great faith in their abilities and look forward to drawing upon their decades of industry experience to take the Company forward. We also onboarded other experienced people in several key positions in both the Commercial Vehicle Finance and Housing Finance business segments.

BUILDING ON OUR CAPABILITIES

To capitalise on the increasing potential in our key business verticals, we strengthened our capabilities and infrastructure and relooked at our processes. We also enhanced our operational performance by optimising efficiency across branches, while also maintaining continued focus on collections. We strengthened our collection mechanism by adding people, harnessing technology, and strengthening our culture, all of which enabled robust collections, resulting in all-time high collection efficiency of 120%+ on a regular basis.

To stabilise our asset quality, we strengthened controls, reviewed policies and upgraded technology systems – right from loan origination, credit appraisal disbursal and collection process. With this, we are becoming future-fit and aiming for sustained profitable growth. Our investments in technology and digitisation will help us improve operating turnaround times and productivity and drive operating cost efficiencies. We also took sustained efforts to reduce our stressed book through collection, repossession and settlement, besides identifying the stress pool in our CV portfolio and made conservative provisions.

For better serving our customers in Tier 3 & 4 cities, we moved our branch network into the hinterland, besides strengthening the hub-and-spoke model. We remain focused on opening smart branches that operate with greater efficiency and less manpower. Further, we

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reduced our gross NPA, increased our reach and put processes in place and incorporated technology to grow. Not only this, we also remain nimble-footed on the cost front to manage profitability.

We have continued to pursue our retailisation strategy with a stringent focus – by building the retail business in a highly scalable manner, continuing to surge ahead on retail with our diversified bouquet of products – CV, Affordable Housing and SME Finance. Driven by an increased credit offtake in commercial vehicles and affordable housing, we are penetrating deeper and expanding our retail base, Today, 85% of our total book size comprises of retail loans.

IN CONCLUSION

We would like to offer sincere thanks to all our shareholders, lenders, partners and employees for their support and for being part of our journey. We also convey our sincere thanks to our dedicated workforce for supporting the Company during challenging times. Our growth is a testimony to the fact that with teamwork, motivation and sustained efforts, everything is possible.

We remain committed to delivering value to our shareholders and provide the best possible financial solutions to our clients.

Warm Regards,

Bobby Parikh
Chairman

CEO's Letter to Shareholders

DEAR SHAREHOLDERS,

I am excited to have joined IndoStar Capital Finance in FY2023, and I can confidently say that the transition has been very easy. Despite the tumultuous time on the business front, the Company's core values and its open culture led me to feel at home soon upon joining. In this regard, I am immensely thankful to all those contributed to building the culture, along-with a strong foundation that is making the Company shine even through adversity.

The year was unique as we worked to engineer a turnaround in the business. Our total Assets Under Management (AUM) this year was ₹ 7,813 crore, compared to ₹ 9,658 crore, while Total Disbursements were ₹ 2,099 crore.

Talking about our financial performance, Profit After Tax was ₹ 225.2 crore, compared to a loss of ₹ 736.5 crore. Revenue from Operations was ₹ 1,174.3 crore, as compared to ₹ 1,162.7 crore in the earlier year. Net Interest Income was ₹ 599.4 crore, compared to ₹ 634.8 crore. Our capital adequacy at 31.5% gives resources and flexibility to pursue future growth opportunities.

Net interest margins witnessed substantial improvement at 6.1%, as we moved focus to Tier 3 & 4 cities. Also, our debt-equity ratio indicates a healthy balance sheet, leaving headroom for us to source external funds. Operating expenses were higher at ₹ 401.1 crore due to and certain one time costs. Our gross collection efficiency reflected commitment to maintain high credit standards and efficient operations.

INDUSTRY OVERVIEW

With economic growth picking up, positive macro trends and retail inflation easing, demand for commercial vehicle financing has improved. Higher infrastructure spending is driving demand for newer vehicles. The uptick is also triggered by medium and heavy commercial vehicle, and will propel a strong push for the used CV segment, and we expect this demand to sustain. The scrappage policy also provides significant growth opportunities. Replacement demand is anticipated to be favourable – certain replacement sales anticipated for FY2021 and FY2022 were deferred due to the COVID-19 pandemic,

THE "USED CV" OPPORTUNITY

At IndoStar, we are capitalising on the growing opportunity in Used CV market, and are focused on serving this market with better yields to be able to enhance our disbursement, leverage positive trends and expand our business. We anticipate the CV loan book to grow manifold over the next few years. We plan to enhance our penetration by increasing our reach in smaller geographies and rural markets. With this, we are making ourselves well-positioned to take advantage of future growth opportunities.

CAPITALISING ON HOUSING FINANCE GROWTH DRIVERS

Despite the pandemic-induced disruptions, the real estate industry bounced back strongly, primarily owing to the government's focus on affordable housing and several policy initiatives. The year witnessed a surge in demand for affordable housing, particularly in Tier 2 & 3 cities, putting the sector back on the growth trajectory. The affordable housing finance segment is growing rapidly, driven by multiple factors such as urbanisation, industrialisation and an increase in per capita income.

India's mortgage penetration is low with a national average of 10.5%, and fresh housing requirement is still the dominant demand driver in housing finance. At IndoStar, we are committed to expanding access to housing finance to the under-served population in the country. This will remain a strong focus area for us to accelerate our growth strategy in the near future, as

I am immensely thankful to all those contributed to building the culture, along with a strong foundation that is making the company shine even through adversity.

we see the sector spanning strong growth in the next several decades. Besides a better understanding of customer needs and our customised solutions, we also have an edge over our peers on account of higher margin of loans and more pricing power.

GROWING SUSTAINABLY AND SCALING NEW FRONTIERS

Moving ahead, we are committed towards maintaining a healthy loan portfolio. Our strong capitalisation levels, comfortable gearing, low leverage and high liquidity position grants us the confidence to move forward with strength and vigour. Our small size also makes it possible to look at huge growth, with no liquidity and capital constraints.

With support from shareholders, lenders, debenture holders, employees and partners, we will move ahead strongly. We also remain buoyant about our future growth prospects and believe that the investments we have made in the form of technology, human resource, building a ethical and compliant culture, will help us capitalise on opportunities.

Amid the continuously changing business landscape, we remain committed to creating value for all our stakeholders, our customers, our partners, the society and our employees.

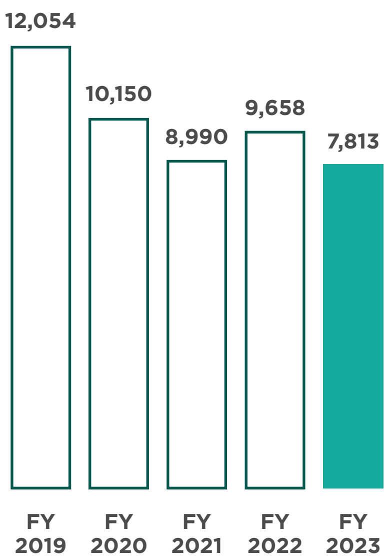
We take this opportunity to thank our shareholders, lenders, employees and everyone involved in the journey of revamping IndoStar.

Sincerely,

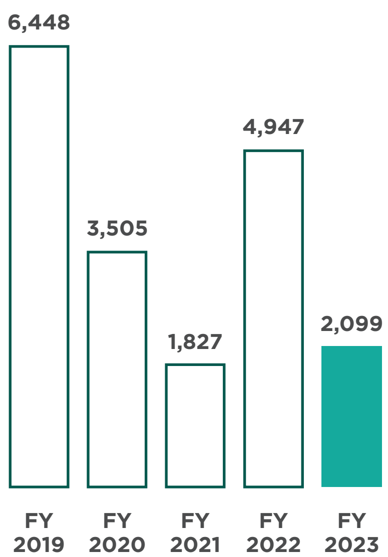
Karthikeyan Srinivasan
Chief Executive Officer

Our Report Card

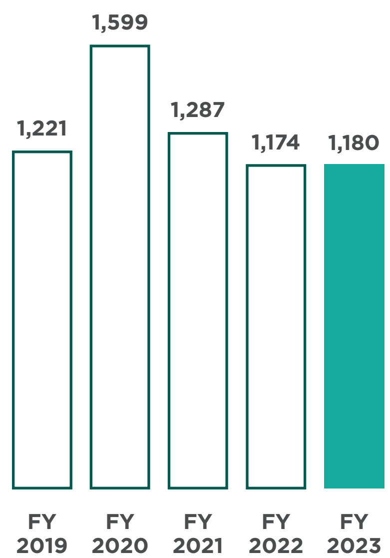
ASSETS UNDER MANAGEMENT (₹ crore)



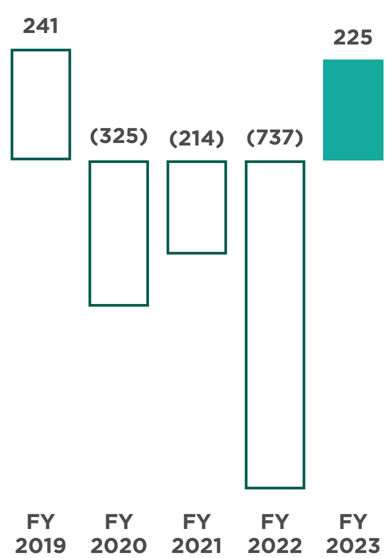
GROSS LOAN DISBURSEMENT (₹ crore)



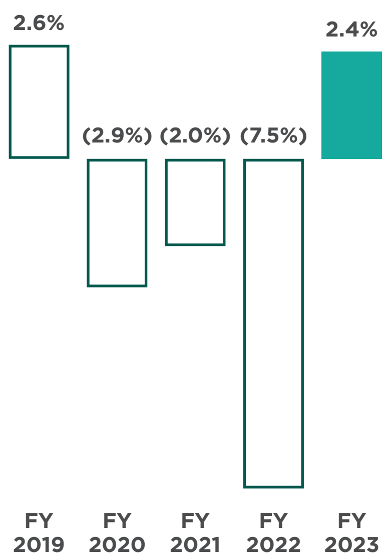
TOTAL INCOME (₹ crore)



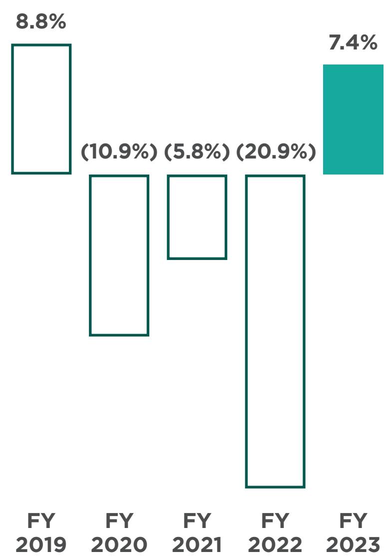
PROFIT AFTER TAX (₹ crore)



ROAA (%)

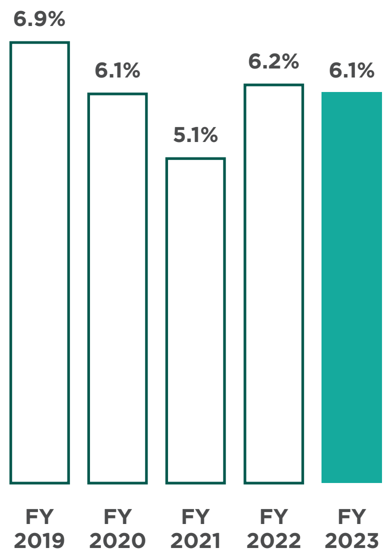


ROE (%)



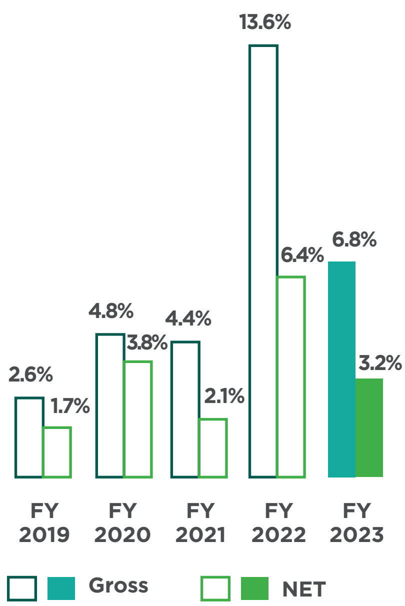
NIM

(%)



GROSS & NET STAGE 3

(%)



OUR STRATEGIC FOCUS AREAS

Maintaining customer communication

Expanding geographically

Maintaining asset quality

Investing in technology to become more agile and process oriented

Focusing on digitalisation

Strengthening controls to minimise risk

Ensuring a robust balance sheet

Being agile and future ready

Key Business Segments

COMMERCIAL VEHICLE FINANCING SOLUTIONS

By further solidifying our capabilities, infrastructure and processes, we are capitalising on the projected demand and upsurging our assets in the commercial vehicle finance space. Also, with replacement demand, and with post-axle load norms and BS-VI transition, we are focused on serving the Used CV market and leveraging the growing potential.

ASSETS UNDER MANAGEMENT

FY2022	FY2023
₹ 4,908 crore	₹ 3,672 crore

USED VEHICLE DISBURSEMENT

Q4-FY2022	Q4-FY2023
74%	96%

72.7% Average Loan to Value Ratio (Q4-FY2023)

₹ 6.8 Lakh Average Ticket Size

Presence in **20** States across India

At IndoStar Capital Finance, we provide financing for new and used commercial vehicles, construction equipment, tractors and used cars. In FY2023, our disbursement in Commercial Vehicles segment stands at ₹ 1,436 crore in FY2023, vis-à-vis ₹ 3,743 crore in FY2022, with a disbursement yield of ~19% in Q4 of FY2023 up from ~16.4% in Q4 of FY2022. Of the total disbursement in Commercial Vehicle financing, about 98% of the total disbursement was in Used CV. With yields significantly better in Used CV, it improved the overall yield and spread.

With an annual market size of ₹ 5.60 lakh crore, the commercial vehicle market is scaling higher. The sale of commercial vehicles is expected to further rise due to improved fleet utilisation, robust GST collections, strong replacement demand and a pick-up in road construction and highway projects across the country, stimulating CV sales growth of 28% in FY2023. On the back of improving macroeconomic fundamentals, focus on infrastructure projects and high spending on account of elections are projected to keep the growth trajectory of CV sales higher.

GROWTH IN CV FINANCING

A pick-up in sales volumes in the CV industry, commercial vehicle financing has bounced back. The Used Commercial Vehicle market is also witnessing stable growth on account of increase in prices of new CV vehicles and Used CV's multi-purpose usability, and is expected to remain positive over the next 2-3 years. Post-axle load norms and BS-VI transition, commercial vehicle tonnage has moved up, making small road transport operators move to used commercial vehicles. Given the scrappage policy with a 15-year limit, Used CV financing is expected to double by FY2025.

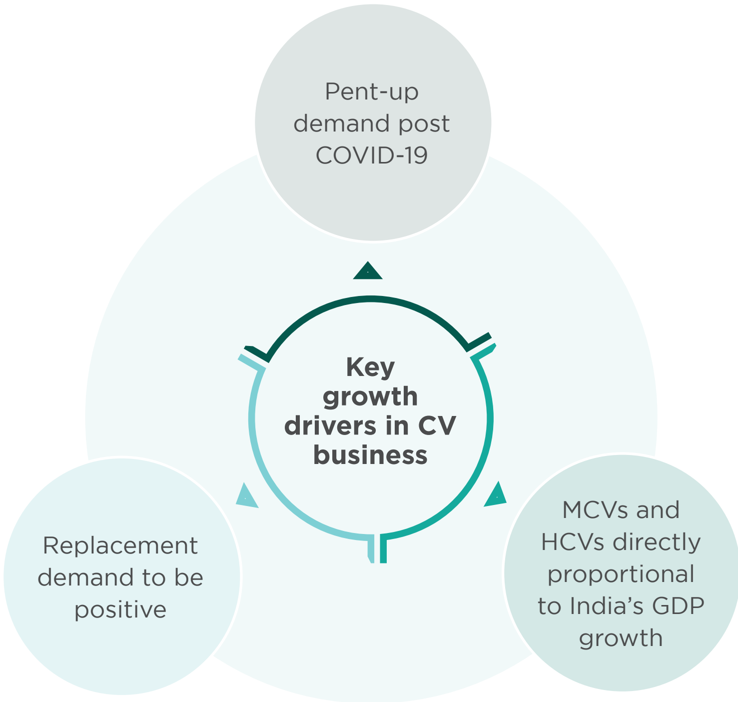
REPLACEMENT DEMAND UNDER SCRAPPAGE

Replacement demand in the preceding two years was postponed due to COVID-related disruptions and also owing to uncertainty with follow-on COVID waves. Replacement demand under the Vehicle Scrappage policy is expected to be a huge potential as the policy is seen creating rising demand for Used Vehicles for the next 2-3 years.

As scrappage norms set in and economic growth picks up, the new and used CV upcycle is seen gaining momentum. As per reports, over 1 million vehicles are expected to come up for scrappage in the next 15 years, projected to trigger demand for replacement.

BUILDING OUR CAPABILITIES

At IndoStar Capital, we are aiming to be a pan-India company catering to pre-owned vehicle requirements of customers. With old vehicles penetrated less than 50% by organised players, and with significant opportunity in Used CV segment, we are leveraging this growth opportunity. By solidifying our capabilities, infrastructure and processes, we plan to grow our assets substantially in CV and Used CV financing. An uptick in demand will help us improve our disbursements further.



AFFORDABLE HOME FINANCING SOLUTIONS

ASSETS UNDER MANAGEMENT

FY2020	FY2021	FY2022	FY2023
₹ 832 crore	₹ 996 crore	₹ 1,406 crore	₹ 1,623 crore

PROFIT AFTER TAX

FY2020	FY2021	FY2022	FY2023
₹ 14 crore	₹ 28 crore	₹ 34 crore	₹ 38 crore

ROA AND ROE (%)
DEBT-EQUITY RATIO: 1.6X

	FY2020	FY2021	FY2022	FY2023
	2.1%	3.3%	3.2%	2.8%
	7.8%	13.8%	9.0%	7.2%

₹ 8.9 Lakh
Average Ticket Size

20,162
No. of Live Accounts

Presence across
10 States

49%
Average Loan to Value Ratio

Our wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home finance solutions to self-employed and salaried customers.
Our disbursement was ₹ 183 crore in FY2023, higher than ₹ 107 crore in FY2022, with adequate capital to support strong business growth. We remain focused on high-yielding housing loans in the range of 14.5% to 15.5%, with an average ticket size of ₹ 8.9 lakh.

AUM

FY2022	FY2023
₹ 1,406 crore	₹ 1,623 crore

During the year, our disbursement doubled, given our best-in-class asset quality, healthy spread on portfolio, strong branch infrastructure and employee base.

Our focus remained on ramping up our disbursements with sustained asset quality, and will continue to maintain strong healthy capital adequacy ratio.

FIRMING OUR ABILITIES TO SERVE BETTER

To build capabilities and leverage the growing potential in the affordable home finance segment, we onboarded leading professionals to manage the key functions of Technology, Finance and Human Resources. Our seasoned management team is well supported by regional teams with a conservative background and vast industry experience. Our manpower capability was further enhanced with an increasing thrust on "Feet on Street".

From a total employee base of 489 as on March 31, 2022, we strengthened our workforce to 757 as on March 31, 2023. The number of branches in the Home Finance business also doubled from 35 in the earlier year to 77 in FY2023.

PROJECTED MARKET GROWTH

The affordable housing finance market is expected to show significant growth in the years ahead, facilitating affordable housing finance companies gain market share in the overall housing finance market. The market share of affordable housing finance companies has increased from 4% in FY2018 to 7.2% at the end of December 2021. The affordable mortgage market is seen growing by 10% in the next five years – from being a ₹ 5 trillion market to an ₹ 8 trillion market by FY2027.

KEY GROWTH DRIVERS

- **Housing shortage of 100 million units (with LIG & EWS contributing 95%)**
- **Increasing penetration in LIG & EWS segments**
- **Growth in affordable mortgage market**
- **Incremental housing loan demand**

CAPTURING NEW OPPORTUNITIES

1. Targeting states with highest demand supply gap
2. Focus on south and west India with cluster-based approach to address concentration challenges
3. Presence in Tier 3-4 towns in southern states with large Micro-LAP opportunity
4. Providing remote access to customers through HomeHub app

Our Esteemed Board

MR. BOBBY PARIKH

Chairman and Non-Executive Independent Director

Bobby Parikh is the Chairman and Non-Executive Independent Director on the board of IndoStar. He has nearly three decades of experience in financial services industry/ reorganisations. Parikh's area of focus is providing tax and regulatory advice in relation to transactions and other forms of business reorganisation. He has founded Bobby Parikh Associates, a boutique firm focused on providing strategic tax and regulatory advisory services. 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

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

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

MR. ADITYA JOSHI

Non-Executive Director

Aditya Joshi is a Managing Director in Brookfield's Private Equity Group, and heads the private equity business for Brookfield in India. 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. Joshi joined Brookfield in March 2019. Prior to Brookfield, Joshi was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to Apax, Joshi worked at The Blackstone Group in India, where he focused on investment opportunities primarily across technology services and business services. Prior to Blackstone, Joshi worked at Morgan Stanley in India, where he worked on fund raising and mergers and acquisitions across technology services, business services, telecom, amongst other industries. 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. Joshi is a member of FICCI's National Committee on Private Equity for India.

MR. MUNISH DAYAL

Non-Executive Director

Munish Dayal is a Non-Executive Director of IndoStar. Dayal is Managing Director - Private Equity & Business Operations at Brookfield Asset Management (BAM) and has over three decades of experience in financial services. Prior to joining BAM, Dayal was Senior Operating Partner at Baring Private Equity Partners India Limited with hands-on engagement with portfolio companies in BFSI, technology and commercial real estate. Dayal has also held senior positions in Yes Bank Limited and Citibank and has expertise in risk management, lending to medium and small sector enterprises, cash management, payment services, trade products and banking technology. Dayal is a commerce graduate from Shri Ram College of Commerce, University of Delhi and completed his master's in business administration from Faculty of Management Studies, University of Delhi.

MR. HEMANT KAUL

Non-Executive Independent Director

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, Kaul has also been the MD & CEO of Bajaj Allianz General Insurance Co Ltd. and the Executive Director of Axis Bank. 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

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

MR. KARTHIKEYAN SRINIVASAN

Whole-time Director & Chief Executive Officer

Karthikeyan Srinivasan is a Whole-Time Director designated as Chief Executive Officer of IndoStar. He is a qualified Cost Accountant from 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 have handled a wide range of financial products including Commercial Vehicle Loans, Construction Equipment Loan, Tractor Loans, Two-wheeler Loans etc. Has worked with various Banks like ICICI Bank Ltd, Kotak Mahindra Finance Limited, Cholamandalam Investment and Finance Company Ltd.

Uplifting livelihoods. Creating a positive impact.

At IndoStar, we remain focused on bringing meaningful change in the communities we operate within. We aim to create a more efficient and effective social impact ecosystem by integrating CSR into our operations.

KEY CSR INITIATIVES

Education

Education is the basic right of every child. At IndoStar, we are supporting organisations in their initiatives which are contributing towards education inequity reduction, learning improvement, dropout reduction and psychological support.

Health

Health is also an important determinant of overall progress of individuals. Our focus is on improving health status of communities to achieve good health and well-being. We are constantly contributing towards education, health, and the environment.

Smile Foundation – Swabhimaan

Smile Foundation is a national level development organisation directly benefiting over 4 lakh children and their families each year through 200 welfare projects on education, healthcare, livelihood and women empowerment, in more than 950 remote villages and slums across 25 states of India. Our approach is to create a holistic solution that covers everything and builds success stories for them.

LADLI FOUNDATION – MASIK SATYA

About Ladli Foundation Trust

Ladli Foundation is a grassroots level non profit organisation known for implementing highly impactful innovative social initiatives to uplift vulnerable people in urban rural slums The organisation is granted special consultative status in United Nations ECOSOC and conferred with the National Award by Govt of India for directly serving over one million beneficiaries through its action research based projects by promoting sustainable living for achieving UN SDGs.

Women Empowerment

IndoStar is on a mission to create an enabling environment for rural women by providing them with necessary tools and resources for uplifting their livelihoods. We help in generating awareness on the issues of reproductive and sexual health covering safe motherhood, child health and family planning among women in reproductive age. IndoStar has contributed by capacitating under-privileged women through business skills training to help them start their own enterprises and income generation activities.

Support is also provided in building confidence and assertiveness in women in reproductive age to challenge gender stereotypes to improve their health and social status. It also aims at improving their health-seeking behaviour of the focused group with respect to reproductive and sexual health issues through periodic health camps and demonstration workshops.

Corporate Information

BOARD OF DIRECTORS

Non-Executive Independent Chairman

Mr. Bobby Parikh

Executive Directors

Mr. R. Sridhar
Vice Chairman *(till April 17, 2022)*

Mr. Deep Jaggi
Whole-time Director & Chief Executive Officer
(from February 10, 2022 till February 14, 2023)

Mr. Karthikeyan Srinivasan
Whole-time Director & Chief Executive Officer
(appointed as CEO from February 14, 2023)
(appointed as Director from March 30, 2023)

Non-Executive Directors

Mr. Dhanpal Jhaveri
Mr. Aditya Joshi
Mr. Vibhor Kumar Talreja
Mr. Munish Dayal

Non-Executive Independent Directors

Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Kapish Jain
(from May 27, 2022 till July 19, 2022)

Mr. Vinodkumar Panicker
(appointed with effect from December 26, 2022)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati
(till April 17, 2023)

Ms. Shikha Jain
(appointed with effect from April 18, 2023)

CHIEF COMPLIANCE OFFICER

Ms. Rashmita Prajapati
(appointed with effect from August 8, 2023)

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

CIN: L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

Unit No. 505, 5th Floor,
Wing 2/E, Corporate Avenue,
Andheri – Ghatkopar Link Road,
Chakala, Andheri (East),
Mumbai – 400099
Tel No.: +91 22 4315 7000
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001
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

Axis Bank Limited
Bandhan Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Catholic Syrian Bank
Central Bank of India
DCB Bank
Development Bank of Singapore
HDFC Bank Ltd
ICICI Bank Ltd
IDFC First Bank Ltd
Indian Bank
IndusInd Bank
Industrial Development Bank of India
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
RBL Bank Ltd
South Indian Bank
State Bank of India
Union Bank of India
Yes Bank

FINANCIAL INSTITUTIONS / MUTUAL FUNDS

Aditya Birla Sun Life Mutual Fund
Axis Mutual Fund
Bajaj Finance Ltd
Baroda BNP Paribas Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
National Housing Bank
PGIM India Mutual Fund
SBI Mutual Fund
Small Industries Development Bank of India
Sundaram Mutual Fund
UTI Mutual Fund

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions and the continuing war in Ukraine weigh heavily on the outlook.

Global growth slowed in 2022 to 3.4%, ~1% weaker than expected at the end of 2021, mainly weighed down by the Russia-Ukraine war and elevated inflation levels, which continue to shadow the world economy. Economic growth proved surprisingly resilient during the third quarter of 2022, with strong labour markets, robust household consumption, business investment and better-than-expected adaptation to the energy crisis in Europe. Even as headline inflation appears to have peaked in 2022 and the energy crisis has been less severe than initially feared, the global economy still faces major headwinds.

The International Monetary Fund (IMF) trimmed its 2023 global growth outlook as higher interest rates cool activity. It is forecasting global real GDP growth at 2.8% for 2023, before rebounding to 3.0% for 2024, marking a sharp slowdown from 3.4% growth in 2022 due to a tighter monetary policy. IMF predicts global inflation to cool to 6.6% in 2023 and 4.3% in 2024, which is still above pre-pandemic levels of about 3.5%, but significantly lower than 8.8% observed in 2022. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition.

World economic growth – Trends in GDP (%)

	2021	2022	2023
World Output	6.3	3.4	2.8
Advanced Economies	5.4	2.7	1.3
Emerging Market and Developing Economies	6.9	4.0	3.9
India	9.1	6.8	5.9

https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023

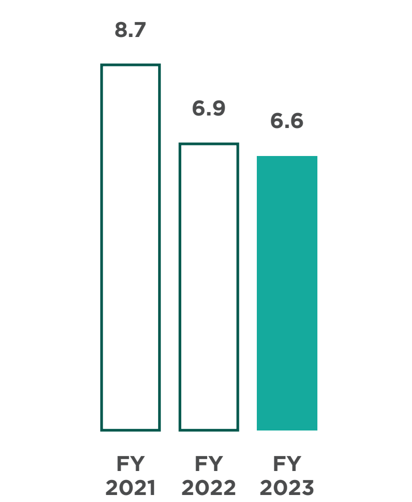
Indian Economy

India's economy demonstrated resilience despite a challenging external environment. The World Bank's latest India Development Update states that "India was one of the fastest growing economies in the world with real GDP growing 7.7% year-on-year during Q1-Q3 fiscal year 2022/23. Growth was underpinned by robust domestic demand – strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners." The World Bank report titled "Navigating the Storm" finds that while the deteriorating external environment will weigh on India's growth prospects, the economy is relatively well positioned to weather global spill-overs compared to other emerging markets.

India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation. The Ministry also revised economic growth for financial year FY 2021-22 to 9.1%, against 8.7% estimated in the previous year. The fall in year-on-year growth rate is partly due to a fading of pandemic-induced base effects, which contributed towards higher growth in FY 2021-22. Inflation remained high in FY 2022-23, averaging around 6.7%, but the current account deficit narrowed in Q3 of FY 2022-23 on the back of strong growth in service exports and easing global commodity prices.

https://www.worldbank.org/en/news/press-release/2023/04/04/indian-economy-continues-to-show-resilience-amid-global-uncertainties

REAL GDP GROWTH PROJECTIONS (%)



India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation.

GROWTH OF NBFCs IN INDIA

The Non-Banking Financial Companies (NBFC) sector in India has undergone a significant transformation over the past few years and plays a significant role in the growth of the Indian financial system. NBFCs play a critical role in the development of core infrastructure, transport, employment generation, wealth creation, and the economic development of weaker sections of society. Further, technology has enabled NBFCs to expand into underserved segments, where banks often don't serve or find it difficult to reach and service.

Growth Drivers

Deep understanding of customer segments:

NBFCs have focused on the unorganised and under-served segments of the economy, which has led the companies to create a niche for themselves through deep understanding of their needs. The NBFCs ensure last-mile delivery and enhanced customer experience of products and services.

Customised product offerings by NBFCs:

Several NBFCs have focused on a limited set of products to serve the target customer segment. Armed with a deep understanding of their target segment, NBFCs have customised product offerings to address unique characteristics of the customer segment and focus on meeting the right needs. Several NBFCs have adopted non-standard pricing models for product lines, in-line with the customer profile and lending risk in this segment.

Leveraging technology for improved efficiency and enhanced experience:

The use of technology is helping NBFCs to customise credit assessment models and customise business processes, thereby reducing the time to market and helping improve customer experience. NBFCs are investing in data analytics and artificial intelligence to enhance their ability to serve their target customer segments.

Wider and effective reach:

NBFCs are reaching out to Tier-2, 3 & 4 markets, distributing loans across several customer touch-points, building a connected channel experience, that provides an omnichannel seamless experience with 24/7 sales and service. This enables NBFCs to best serve today's digitally native customers.

Co-lending arrangements:

NBFCs have been tying up with multiple alternative lenders with digital platforms and commercial banks as well, which has been adding to their targeted customer base and increasing the avenues for revenue.

Robust risk management:

Given their focus on lending to the sub-prime customer segment, and regulatory disadvantage (SARFAESI, DRT, and capital

adequacy requirements) in comparison to commercial bank lenders, NBFCs are ensuring enhanced governance through a proactive, robust and agile risk management model.

https://allcloud.in/blog-details/21/6-Factors-that-led-Growth-of-NBFCs-In-India

NBFCs – An important component in credit delivery

***Playing* a key role in supporting India's socio-economic construction**

Retail-focused NBFCs are expected to grow 12-14% while the housing finance companies may grow by 10-12%, according to an ICRA Ratings Report. The forecast is based on continuing post-COVID pent-up demand and an improved operating environment reflecting in NBFC asset quality improvement. Sectoral profitability will improve by 40-50 basis points (bps) this fiscal, supported by stable margins and lower credit cost, and will reach pre-pandemic levels, as per the report. Vehicle financing loans (commercial vehicle finance, passenger vehicle finance), which have remained significantly subdued since FY2020, are also expected to report higher growth numbers, following an improvement in the operating environment.

The asset quality of non-banks has been improving steadily since December 2021 as borrowers gradually recovered from the pandemic-induced stress, according to the Report. The improvement has been on the back of higher collections, a lower-than-anticipated share of restructured portfolio estimated at 2% of total assets under management as of September 2022 and controlled slippages from this book. Reported ratios have also benefited from the base effect of high growth.

https://www.icra.in/Media/OpenMedia?Key=8ff74ada-e418-48eb-917f-0ce7250a8330

https://www.outlookindia.com/business/nbfcs-seen-growing-at-10-12-this-fiscal-and-next-news-245231

Stronger balance sheets, better asset quality underpin growth

NBFCs are stronger and more resilient today, and better positioned in almost all operationally critical parameters. On the capital front, NBFCs have raised almost ₹ 70,000 crore of equity in the past 3.5 years, which has materially improved gearing. The subdued business landscape in the past three fiscals also contributed to the better gearing. Provisioning levels also increased in the past couple of years, as NBFCs created management overlays to provide for uncertainty pertaining to the pandemic.

https://www.crisil.com/content/dam/crisil/mailers/rating-newsletter/2022/december/nbfcs-gearing-up-for-growth.pdf

INDUSTRY OVERVIEW

Automobile Industry – A growth engine for India's economy

The Indian automobile industry, in the past four decades, has catalysed India's GDP growth. The industry is one of India's core sectors, estimating the manufacture of transport equipment to be worth up to 12% of the Gross Value Added (GVA) in the manufacturing sector. As one of the leading driving forces of the economy, the automobile industry contributes to about 49% to India's manufacturing GDP and 7.5% to the GDP at large. India's automobile market overtook Germany, Europe's largest economy and export powerhouse, to emerge as the world's fourth largest in 2018, valued at nearly US$ 100 billion. The industry faced disruptions such as COVID-19 pandemic, fuel price-led inflation, steep hike in commodity prices, container shortage and surging logistics costs, the industry, and is estimated to account for 65 million jobs by 2026. The total sale in the automobile industry is estimated to cross ₹ 5.6 lakh crore by FY2025.

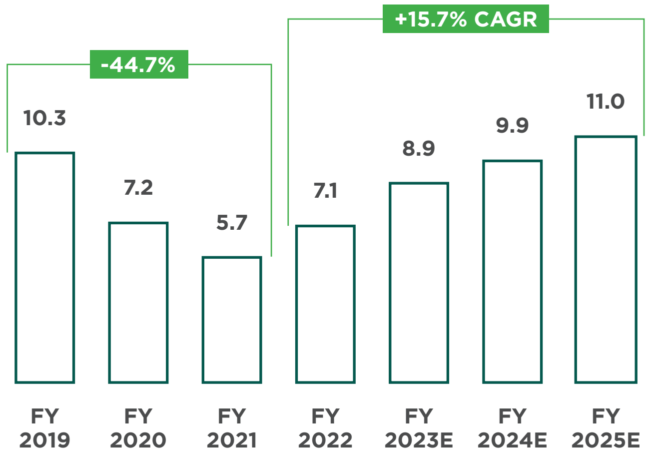
Commercial Vehicle Finance

Commercial Vehicles (CV) comprise ~8% of the total vehicles on Indian roads and growth in the sector is being driven by improved economic activity, revival of construction and mining activities and better semi-conductor supplies. Inflation in fuel prices will continue to be a key challenge in the year ahead. The government is planning to spend over ₹ 10 lakh crore on infrastructure in FY2024, to build out roads, airports and other critical infrastructure, which is expected to boost commercial vehicle sales.

Growth in the industry is backed by improved economic activity, revival of construction and mining activities and better semi-conductor supplies. Inflation in fuel prices will continue to be a key challenge in the year ahead.

COMMERCIAL VEHICLES – UNIT SALES IN INDIA

(In lakh)



Trends in the CV Industry

- New Commercial Vehicle sales fell 45% over two years from 10.3 lakh in FY2019 to 5.7 lakh in FY2021, driven by a slowdown in economic growth in FY2020, and subsequent lockdowns due to COVID-19 first wave in FY2021 (March-August 2020).
- Follow-on pent-up demand saw growth of 26% in FY2022, despite lockdowns in COVID wave 2&3 in May 2021 and January 2022.
- CV sales are cyclical in nature and with two straight years of sales decline, the industry expects growth momentum to continue at CAGR of 15.69% through FY2025.
- MCVs and HCVs are highly dependent on GDP growth.
- Post-COVID replacement demand that picked-up in FY2023 is expected to continue for the next 2-3 years.

Commercial Vehicles - Key growth drivers

The CV finance industry in India has Assets Under Management (AUM) of approximately ₹ 3.6 lakh crore, of which 42.3% or ₹ 1.5 lakh crore is contributed by NBFCs, which dominate Banks at 38.5% share and Anchor Financiers of Original Equipment Manufacturers (OEM) at 19.2% share, respectively according to a CARE report.

S. No.	CV Finance Segments	Share %	AUM (₹ lakh crore)
1	NBFCs	42.30%	1.5
2	Banks	38.50%	1.4
3	Anchor Financiers for OEMs	19.20%	0.7
	Total	100.00%	3.6

The report estimates that NBFCs witnessed AUM growth of ~14% in their CV Financing book for FY2023. The CV financing industry expects growth momentum to continue over the next few years, on the back of improved fleet utilisation, strong replacement demand and pickup in road construction projects across the country.

https://www.autocarpro.in/news/commercial-vehicle-financing-to-bounce-back-on-the-backdrop-of-pick-up-in-sales-114274

Used Commercial Vehicle Financing

Pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers/ driver turned owners, who are Small Road Transport Operators (SRTOs) with limited banking experience and low credit history for verification of creditworthiness. The market for this segment is fragmented and dominated by private financiers in the unorganised sector. The organised financing sub-segment of the market is dominated by NBFCs, which have built out the ability to service loans in tier 2 & 3 towns. The opportunity to expand disbursement in Used CV has been on the rise due to increased growth in the segment. This is owing to the strength of the underlying demand drivers such as construction and infrastructure activity, growing demand for e-Commerce and the continued thrust of the government on infrastructure development, which will provide further support to demand.

Vehicle Scrappage Policy

Replacing old polluting vehicles is an important part of greening our economy. Echoing the Government's commitment to clean energy vehicles for a cleaner and greener future, the Union Budget 2023-24 laid emphasis on the vehicle scrapping policy. It allocated funds required to replace government vehicles and buses older than 15 years. With this move, over 9 lakh vehicles and buses owned by central and state governments, transport corporations and public sector undertakings, which are more than 15 years old, will be taken off road and will be scrapped.

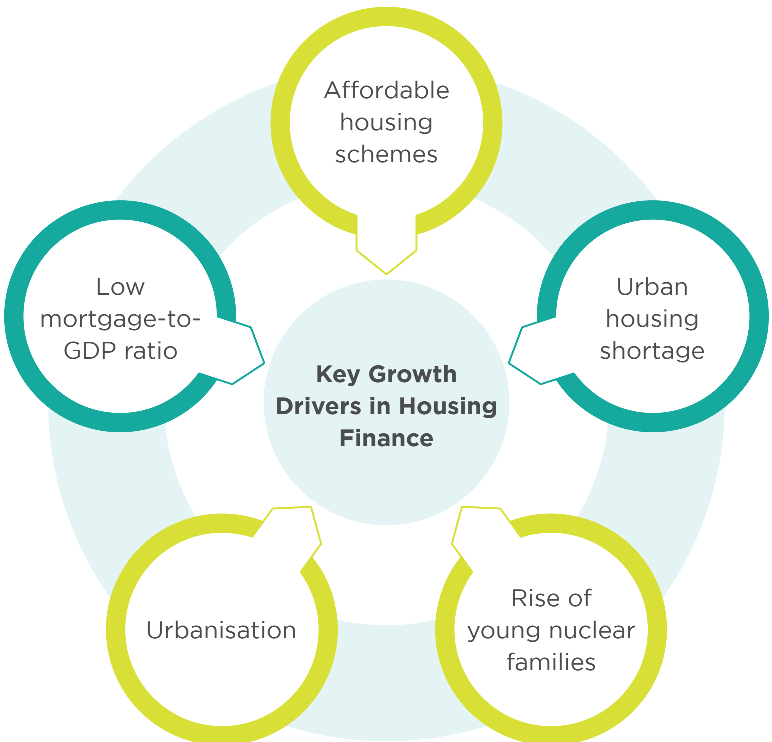
Financing for Used Commercial Vehicles is set to increase and double by FY2025, considering the scrappage policy of 15 years limit. Currently, around 50% to 60% financing in the Used CV segment is with the unorganised sector, which is projected to reduce in future due to scrappage policy and with the organised sector expected to gain share in used vehicle financing.

The scrappage policy is a part of the national mission to achieve net zero carbon emission.
The Budget assumes that all State and Central government-owned vehicles including buses owned by transport corporations and public sector undertakings that have been on the road for over 15 years will be scrapped. The move is estimated to help the entire ecosystem of the automobile industry as this will translate into the growing order books of original equipment manufacturers (OEMs), increased output and job creation. The scrappage policy is expected to give a boost to Used CV financing.

Housing Finance

After subdued growth in the pandemic years, FY2023 witnessed a rebound in the housing credit market, aided by pent-up demand, lower interest rates in the first half of the year and new project launches. As the Indian economy recovered strongly post-COVID-19, the industry also witnessed a robust demand for affordable homes to support the work from home & hybrid working model. Stabilised home loan rates boosted the demand for housing space, which was further fuelled by the policy emphasis on low-cost and affordable housing. The housing finance segment of the industry witnessed substantive traction, that provided a much-needed impetus to the overall industry.

Demand for home loans also grew on account of favourable government incentives and developer discounts. Market participants expect demand momentum for affordable housing to sustain going into FY2024, aided by the entry of newer players, sustained demand in mid-to-luxury segment, and an increasing desire for home ownership.



Trends in Housing Finance

Increase in disposable income

As disposable income rises, individuals prefer taking a housing loan for their own homes rather than stayed in rented accommodation.

Lower interest rates

Declining interest rates on housing loans increased affordability of loans, stimulating demand.

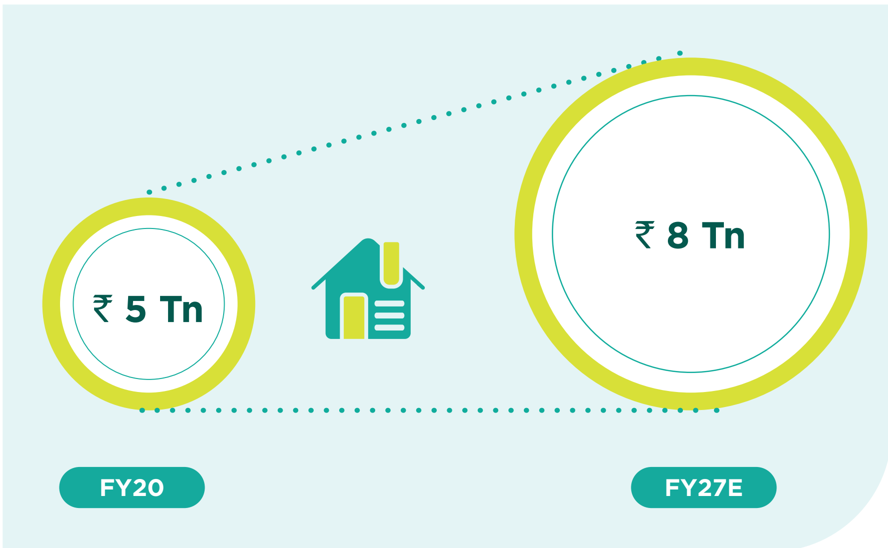
Urbanisation

As more and more people settle in urban areas, demand for homes are increasing, further increasing the demand for home loans.

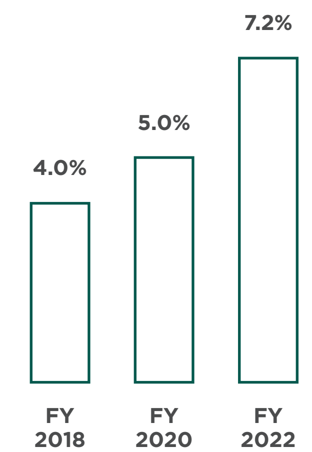
Affordable Housing

Affordable Housing remains the key sub-segment in the Housing and real estate sector. With the growth of urban development, urban housing shortage is becoming a growing concern for India's urban planners. This has emphasised the Government focus on affordable housing. Affordable housing sector was inferred 'Infrastructure Status' by the Government in order to augment its growth. The sector has been supported extensively with schemes such as Housing for All by 2022, targeting 20 million households, and the Smart Cities Mission, with a target of creating 100 Smart Cities. Further, Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY - CLSS), launched in June 2015 continues to drive the affordable housing sector.

Affordable mortgage market is projected to grow by 10% in the next 5 years



AFFORDABLE HOUSING FINANCE COMPANIES – INCREASING MARKET SHARE



Increasing penetration in LIG* & EWS segments to drive growth**

	Household Income	Average LTS
MIG and LIG	-	>₹ 15 Lakh
LIG	₹ 6 Lakh	₹ 6-15 Lakh
EWS	₹ 3 Lakh	₹ 2.5 Lakh

**Lower Income Group*

***Economically Weaker Sections*

COMPANY OVERVIEW

About IndoStar Capital Limited

IndoStar Capital Finance Limited is a non-banking finance company (NBFC) and systemically important non-deposit taking company. It is a professionally managed and institutionally owned organisation. The Company is working on becoming a go-to NBFC in retail lending, currently focused on commercial vehicle financing. It is engaged in providing used and new commercial vehicle financing; affordable home finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited; and loans to small and medium enterprise (SME) borrower.

Having started operations as an NBFC focused on corporate financing in 2011, the Company changed course into being a retail focused NBFC. As on March 31, 2023, our Assets Under Management (AUM) stood at ₹ 7,813 crore, of which ₹ 6,612 crore was in the form of retail financing. We maintain a continued focus on enhancing our asset quality and improving the collections.

IndoStar's majority ownership by Brookfield has helped it enhance its capital base and provides it with added financial flexibility. Post infusion of ₹ 1,225 crore in May 2020, Brookfield now owns 56.20% of the company's equity.

During the year, Everstone Group have completed the sale of 14.21% of the total paid-up equity share capital of the Company through an Offer for Sale, to comply with the minimum public shareholding requirements as per SEBI. Pursuant to the same Everstone Group's holding stands at 18.8% and public shareholding in the company increased to 25% w.e.f. May 05, 2023.

Changes in Leadership

Deep Jaggi, former CEO of IndoStar Capital Finance, stepped down due to personal reasons in February 2023. Karthikeyan Srinivasan, who joined as the Chief Risk Officer in May 2022, has been elevated to the Chief Executive Officer position. Mr. Vinodkumar has been appointed as the Chief Financial Officer and comes with over 36 years' experience in managing and leading finance functions, including a decade of experience in the NBFC industry.

IndoStar Capital 2.0

Among the retail product offerings, the Company operates in the following business segments:

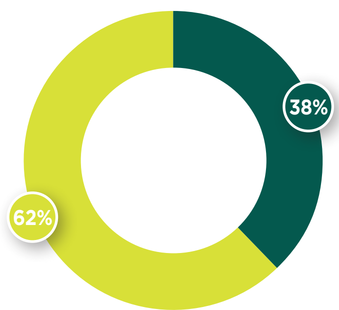
Commercial Vehicle Finance	We provide financing primarily for used and new commercial vehicles.	₹ 3,672 crore AUM
Housing Finance	Wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home financing solutions to self-employed and salaried customers.	₹ 1,623 crore AUM
SME Finance	We are the preferred financiers for small and medium enterprises, enabling them to fulfil their business growth plans.	₹ 1,293 crore AUM

Changing portfolio mix – Driven by our retailisation strategy

Consolidated AUM was ₹ 7,813 crore as on March 31, 2023, compared to ₹ 9,658 crore as on March 31, 2022. Out of this, retail book accounted for ₹ 6,612 crore (85% of total AUM), compared to ₹ 8,115 crore (84% of AUM) as on March 31, 2022. Our retailisation process, that began in 2017-18, continues to progress.
Our corporate loan book came down from ₹ 4,604 crore as on March 31, 2019 to ₹ 1,200 crore as on March 31, 2023.

A GROWING RETAIL BOOK

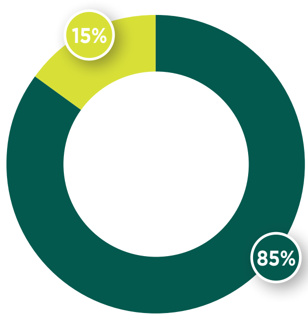
FY2019



Retail Lending
38%

Corporate Lending
62%

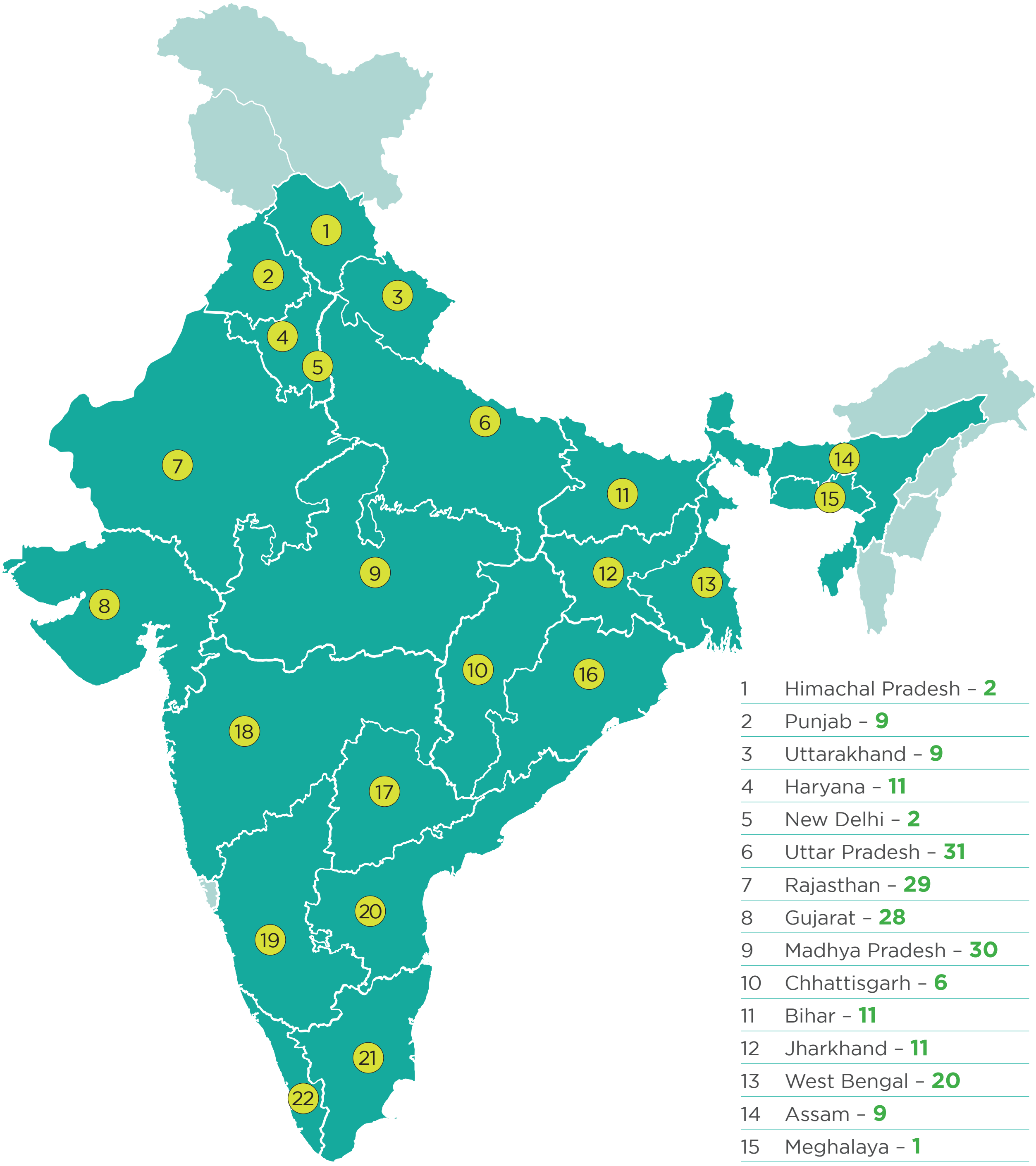
FY2023



Retail Lending
85%

Corporate Lending
15%

Our Footprint



1	Himachal Pradesh – **2**
2	Punjab – **9**
3	Uttarakhand – **9**
4	Haryana – **11**
5	New Delhi – **2**
6	Uttar Pradesh – **31**
7	Rajasthan – **29**
8	Gujarat – **28**
9	Madhya Pradesh – **30**
10	Chhattisgarh – **6**
11	Bihar – **11**
12	Jharkhand – **11**
13	West Bengal – **20**
14	Assam – **9**
15	Meghalaya – **1**
16	Odisha – **5**
17	Telangana – **26**
18	Maharashtra – **43**
19	Karnataka – **14**
20	Andhra Pradesh – **35**
21	Tamil Nadu – **75**
22	Kerala - **20**

Map not to scale.
For Illustrative purpose only.

KEY BUSINESS SEGMENTS – AN OVERVIEW

A. COMMERCIAL VEHICLE FINANCE

Quick Snapshot of FY2023

AUM	Average Ticket Size	Disbursement
₹ 3,672 crore	₹ 6.8 lakh	₹ 1,435 crore
Presence across	**Average Loan to Value Ratio**	**Disbursement Yield**
20 States	72.7%	~19%

Pre-owned Commercial Vehicle financing is a focus area for the Company. It is a well-established player in the segment and has created a sustainable competitive advantage through its deep understanding of the borrower profile and their credit behaviour. At IndoStar, we expect continued growth in this segment driven by underlying economic growth and growing demand for small, medium and heavy commercial vehicles. Growth in long distance M&HCV will also propel a strong push for light commercial vehicles, which will aid the hub-and-spoke model of transportation. With improving road infrastructure, the size of the long-distance trucks has been increasing. These diesel trucks typically pick-up and unload their goods at warehouses on the outskirts of metropolitan cities. Intra-city transport is now largely done by CNG powered small trucks, which have no travel time restrictions. During the year, the management team has worked on engineering a turnaround for IndoStar's CV business, by revisiting our strategy, our processes and our underwriting policies.

Used Commercial Vehicle Segment

Growth in Used CV financing can be attributed to several factors such as affordability and multi-purpose use. Despite the trend of price increases in commercial vehicles with transition to BS-6 norms and higher fee cost, the increase in used CV price is relatively lower, making this an attractive option for customers wanting to purchase commercial vehicles. Used CVs come with multi-purpose usability, such as their ability to handle a variety of loads, including sand, cement, and grain, which continued to drive demand.

Key Initiatives to expand Used CV segment:

- To leverage our existing reach by increasing penetration in the market, enhance customer connection
- Launched a new digital process to help increase market presence, reach smaller geographies and increase penetration in rural market besides improve the productivity of the sales employee.

Business Review in FY2023

The demand for medium & heavy commercial vehicles and a strong push for light commercial vehicles are leading to an increase in used vehicle segment. This is primarily due to the scrappage policy of the government, which puts a 15-year limit on the age of the vehicle.

The replacement demand was favourable during the year as certain replacement sales originally anticipated in FY 2021-22 were deferred due Replacement demand under the vehicle scrappage policy is expected to be a key driver for the industry.

We are building our capabilities, infrastructure and processes in the CV finance space. We intend to be a pan-India company catering to pre-owned vehicle requirements of all our customers, and expect to grow our AUM manifold, considering the potential in the used CV space.

B. HOUSING FINANCE

Quick Snapshot of FY2023

AUM	Average Ticket Size	Disbursement
₹ 1,526 crore	₹ 9 lakh	₹ 487 crore
Presence across	**Average Loan to Value Ratio**	**Blended Yield**
10 States	~49%	~14.8%

IndoStar Home Finance Private Limited

IndoStar Home Finance, a wholly-owned subsidiary of Indostar Capital Finance, is an affordable housing finance company focussed on high-yielding housing loans in the range of 14.5% to 15%, with an average ticket size of ~ ₹ 9 lakh. In the past 6 years, we have built a strong branch infrastructure and employee base. We are strategically focused on ramping up disbursements, with a clear line of sight on liquidity and a robust funding pipeline, while maintaining strong asset quality. During the year, we onboarded leading industry professionals to manage key functions of Finance, Human Resource and Technology. We have a strength of 750 employees, with a thrust on “feet on street”. This, we believe, will help us scale our business further.

Being future-ready to seize the opportunity in Affordable Housing Market

Management team

- Seasoned management team, well supported by regional teams with conservative background, recruited from other companies in the industry

Geographical focus

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

Ecosystem play

- Wide array of payment methods for customers, leading to cash payments contributing only 3-4% of overall transactions

Robust underwriting

- Centralised underwriting framework with focus on underwriting income from informal sources
- Focus on New-to-Credit Customers and in the < ₹ 20 Lakh loan categories, deprioritised certain categories with higher delinquency probabilities

Micro LAP play

- Presence in Tier 3&4 towns in southern states with large Micro LAP opportunity

Business Review in FY2023

C. SME FINANCE

The current aim is to run down the SME book over the next few years. The management team will explore the option of launching a new SME product focussed on much lower ticket size, mainly in the Tier 3 and Tier 4 markets, towards the end of FY2024. Till then the emphasis is to run down the book by way of collection or other arrangements.

Corporate Lending

Our endeavour is to reduce our share in corporate lending. We expect our corporate book to be less than 15% of our AUM by the end of FY2024. This is expected to be run down over the next 2-3 years by way of collection or other arrangements.

Key Achievements of FY2023

a. Raised incremental funding

In FY2023, we raised incremental funding of ₹ 3,967 crore, which contributed to our healthy liquidity position. As on March 31, 2023, we had cash or cash equivalents of ₹ 1,069 crore. IndoStar's Asset Liability Management (ALM) profile has seen significant improvement in the year, compared to the previous year.

b. Reduced the size of stressed asset book

As part of its retailisation strategy, retail loans have gone up from 78% in FY2021 to 85% in FY2023, despite very low disbursement of retail loans in the current financial year. Net profit is driven by lower credit cost provisions in the commercial vehicle loan segment. Collections in FY2023 of ₹ 4,038 crore resulted in gross collection efficiency of 145.0%, with collections in the Commercial Vehicle division being at ₹ 1,820 crore FY2023, up 15% from ₹ 1,583 crore FY2022. The Company made concentrated efforts to reduce the stress book by driving customer settlements and sale of nearly 50% of the stress book. Stress book now stands at ~4% of total vehicle finance AUM.

c. Achieved greater granularity in business

The Company is reorienting its underwriting policies and shifting focus on the customer side to small fleet owners, resulting in greater granularity; and on the product side to used CVs, especially medium CVs and small CVs, from heavy CVs. This focus will result in greater granularity in the business. Future growth is expected to be driven by these segments and performance of affordable housing finance business.

d. Gained adequate capitalisation

IndoStar continues to have adequate capitalisation, even post the impact of the additional provisioning taken in the financial statements pertaining to FY2022. Its Consolidated Networth stood at ₹ 3,111.6 crore as on March 31, 2023, from ₹ 3,085.5 crore as on March 31, 2022, while its gearing level remained at 1.8 times as on the same date. The Capital Adequacy Ratio (CAR) stood well above the regulatory requirement at 31.5% as on March 31, 2023, compared to 25.8% as on March 31, 2022, driven by staging improvement. With retailisation of the portfolio, the gearing is expected to increase from the current levels.

Stimulating Profitable and Sustainable Growth in FY2023

Acquiring new customers

Our objective is to serve the used CV market with higher yields, as we believe that Tier 3&4 markets are still not served completely by the organised players. We want to capitalise on the opportunity to fill the gap in these markets and move our branch network into the hinterland, serving customers in Tier 3&4 cities.

Strengthening the organisation

During the year, we strengthened the organisation further by revamping our processes, reviewing our policies and upgrading technology system – right from loan origination to credit appraisal disbursal and collection processes. We are also taking sustained efforts to reduce our stressed book. Further, we also strengthened our collection mechanism by adding more people and having a separate Collections Call Centre. Over the last few quarters, we are consistently surpassing 120% collection efficiency, indicating clearance of earlier delinquencies.

Attaining cost efficiencies

We strengthened our hub-and-spoke model by moving more of our branches to Tier 3&4 cities, with a focus on opening smart branches with lower fixed costs and manned by lean teams. We continued to improve efficiencies across our branch network and increase our reach to achieve profitable growth. The emphasis has been on automation of all processes and to use that to improve productivity and thereby attain cost efficiencies. We continue to be nimble-footed on attaining cost efficiencies to manage profitability. Our investment in technology and digitalisation is helping us improve our turnaround time, improve productivity and drive operating cost efficiencies.

Stabilising asset quality

We continue to closely monitor the quality of our portfolio. We brought down Stage 3 gross level in every quarter of the year, in spite of increase driven by the implementation of ONAN (Once an NPA, Always an NPA) and also our conservative approach on staging. As on March 31, 2023, Gross Stage 3 assets stood at ₹ 479 crore improved from ₹ 1,203 crore as on March 31, 2022, demonstrating our commitment to maintain a healthy loan portfolio. Consolidated Stage 3 assets of 6.8%, compared to 13.6% as on March 31, 2022 demonstrate the efficacy of our credit risk management strategy besides our robust collection process.

India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation.

Operational Performance in FY2023

Assets Under Management (₹ Crore)

	CV Finance	Home Finance	SME Finance	Corporate Lending	Total
March 2019	5,000	551	1,899	4,604	12,054
March 2020	4,643	832	1,746	2,930	10,150
March 2021	4,194	996	1,849	1,932	8,990
March 2022	4,908	1,406	1,776	1,543	9,658
March 2023	3,672	1,623	1,293	1,200	7,813

Disbursements (₹ Crore)

	Retail Lending	Corporate Lending	Total
FY 2019	3,054	3,394	6,448
FY 2020	2,356	1,149	3,505
FY 2021	1,609	218	1,827
FY 2022	4,885	61	4,947
FY 2023	1,937	162	2,099

FINANCIAL PERFORMANCE IN FY2023

IndoStar has marked its presence in 22 states across the country with 427 branches including Tier 3 & 4 cities. We remain focused on opening smart branches that operate with greater efficiency and less manpower with the focus on Commercial Vehicle Finance, and Housing Finance. During the year, we strengthened the organisation further by revamping our processes, reviewing our policies, processes and upgrading technology system. We are also taking sustained efforts to reduce our stressed book. Further, we also strengthened our collection mechanism by adding more people and having a separate Collection Call centre. Over the last few quarters, we are consistently surpassing 120% collection efficiency, indicating clearance of earlier delinquencies. With strong support from Brookfield and Everstone, on consolidated basis IndoStar has raised ₹ 3,967 crore during the year. The year was unique as we worked to engineer a turnaround in the business.

On a consolidated basis, we recorded a revenue of ₹ 1,179.7 crore, representing a YoY increase of 0.5%. Finance Cost at ₹ 580.3 crore was 7.6% higher, based on which the Net Total Income stood at ₹ 599.4 crore, showing an decrease of 5.6%. Net Interest Margin (NIM) improved substantially during the year as we shifted focus to Tier 3&4 cities.

98% of our total CV disbursement was for Used CVs, where yields are significantly better, thus improving the overall yields and spread, and increasing the granularity of the book thereby reducing risk. Operating expenses stood at ₹ 401.1 crore, about 7.6% higher compared with the previous year, which was mainly on account of certain securitisation costs, payment of certain one-time professional expenses, and increase in employee cost. The management team has initiated a strategic cost control initiative to rationalise and control costs in the coming quarters.

Pre-Provisioning Operating Profit was ₹ 198.3 crore, representing a decline of 24.4% YoY. This can be attributed to the drop in Assets Under Management (AUM) leading to lower revenue, rising interest costs and lower disbursements, which added a certain amount of negative carry cost. Profit After Tax (PAT) was 225.2% higher, with significantly lower provisioning and on account of negative impairment costs. AUM was ₹ 7,813 crore compared to ₹ 9,658 crore in the previous year.

Our capital adequacy stood at 31.5%, which gives us the resources and flexibility to pursue future growth ambitions. Our debt-equity ratio at 1.8 times indicates a very healthy balance sheet, leaving enough headroom for us to source external funds and grow the book profitably.

A gross collection of ₹ 4,038 crore was recorded in the year, up 10.9% versus ₹ 3,642 crore in the earlier year. Gross collection efficiency was 145%, reflecting our commitment to maintain high credit standards and efficient operations. Collection against the pool sold to ARC gives us the confidence that we will end up getting write-backs in the next few quarters.

Segmental Performance

In Commercial Vehicle Finance, we recorded an AUM of ₹ 3,672 crore, compared to ₹ 4,908 crore in the previous year, mainly on account of lower disbursements and a sale to an ARC. While the first two quarters were challenging as far as disbursement is concerned, it increased from the third quarter. A total disbursement of ₹ 1,435 crore was recorded during the year. The disbursements in the first 2 quarters were lower mainly on account of the Company's emphasis on preserving cash and also ensuring that disbursements start off only after the control processes had been thoroughly tested and rolled out.

In Housing Finance, we recorded Total Revenue of ₹ 209.2 crore, compared to ₹ 144.8 crore in the earlier year, while PAT was ₹ 37.8 crore vis-à-vis ₹ 34.3 crore in FY2022. AUM stood at ₹ 1,623 crore compared to ₹ 1,406 crore in the previous year. At ₹ 487 crore, we disbursed ₹ 579 crore, vis-à-vis the last financial year. Gross Stage 3 trended downwards to 1.3% as on March 31, 2023, a significant improvement from March 2022 level of 1.8%. Net Stage 3 was 0.9% with healthy spreads on the portfolio. In spite of adoption of ONAN norms, capital adequacy ratio was strong at 80.5%, indicating that the Company has enough capital to support business growth.

In SME Finance, our AUM at ₹ 1,293 crore was lower vis-à-vis ₹ 1,776 crore in the earlier year. This is in line with the Company's strategy to run down the current SME book. The Gross NPA of the SME book rose from ₹ 150 crore in FY2022 to ₹ 200 crore in FY2023. The management team is focused on driving recoveries and reversals and has augmented the SME collections functions with additional legal resources to drive the 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. Going forward, we are confident of delivering value to all our stakeholders, while also providing the best, appropriate and relevant financial solutions to our customers. We will continue down the path of retailisation and grow profitably over the next few quarters.

Given this scenario, the used commercial vehicles segment is expected to double by FY2025. Given the growing demand, we expect the share of financing for used CVs, by the organised sector to increase in the next few years. Given our small base, we expect to see growth at a much higher pace vis-à-vis the industry. In Housing Finance, we expect our AUM to grow by 2.5 times to about ₹ 3,500 crore to ₹ 4,000 crore by the end of FY2025.

HUMAN RESOURCES

At IndoStar Capital, we believe that people are the source of our competitive advantage. Your Company emphasises in creating an environment where all employees can grow to their potential. The Company believes in meritocracy and performance is rewarded. To support fast-paced growth, the Company has been actively hiring highly competent individuals, who have strong domain knowledge. To keep up with the changing environment, training is provided to all the employees on product, processes, systems and compliance is tested periodically. Your Company focusses on providing on-the-job training to young members and supervisors are encouraged to dedicate time to coach their team. As on March 31, 2023, IndoStar has an employee strength of 2,800.

INFORMATION TECHNOLOGY

Over the last few quarters, the Company has completely moved to a seamless digital lending process by adopting a next-generation loan-origination-system (LOS) which has provided a much more transparent view to the overall lending process. Automated KYCs, data-driven underwriting, deep API integrations have led to improved efficiencies overall. Partnerships with fintech developers has started showing results with a customer app live - reducing the need to visit a branch and a sales app driving increased productivity of the sales team. Key feature rollouts like bank-ledger auto reconciliation and customer validation through PAN and Aadhaar verification have fixed key gaps in regulatory compliance. Robotic Process Automation (RPA) has yielded faster outcomes at much lower costs for incentive calculations, data entry automation, KYC document downloads and daily report generation.

Systematic adoption of cloud infrastructure and the gradual shift from ageing on-premise infrastructure has allowed IndoStar Capital to keep costs under control while leveraging the benefits of state-of-the-art cloud infrastructure for critical business applications.

Several security measures like firewall implementation in branches, moving to 16-digit complex passwords and continuous dark-web monitoring have been undertaken to secure the IT Infrastructure from cyber security threats. Security tools have been implemented like mobile device management and a secure email gateway to assist data leak prevention.

RISK MANAGEMENT

At IndoStar Capital, the process of risk identification is guided by the Company's objectives, external environment, stakeholders, among others. The process covers strategic, financial, and operational risks. Once the risks are identified, it devises plans outlining mitigation actions for the assigned risks.

a. Interest Rate Risk

This is the risk that implies the value of an investment will suffer as a result of change in interest rates. Interest rate risk can be reduced by ensuring diversification of investment maturities or can be hedged by using interest rate derivatives.

Mitigation

While deciding on interest rate revisions, IndoStar considers key factors like customer profile, competitive landscape and growth objectives. It maintains close monitoring on interest rate fluctuations and takes appropriate measures to protect its business.

b. Asset Liability Management Risk

This is the risk faced due to a mismatch between the maturity profile of assets and liabilities on account of a difference in lending tenor between loans given to customers and debt raised.

Mitigation

This risk is reviewed by the Asset Liability Management Committee (ALCO) by monitoring market-related trends. In line with the Company's Risk Management Framework, the Committee adopts various strategies related to assets and liabilities. The ALM support group also meets frequently to review the liquidity position. The Company always maintains adequate liquidity assets and reserves to enable business growth and repayment of obligations.

In addition, it ensures access to funds at all times to ensure liquidity is always available in case of unexpected events.

c. Credit Risk

This is the risk arising on account of non-repayment or loan default by the borrower due to liquidity crisis, economic downturns, bankruptcy or other reasons.

Mitigation

IndoStar's comprehensive and well-defined credit policy encompasses credit approval process and guidelines for mitigating the associated risks. A robust post-sanction monitoring process helps identify the credit portfolio trends and early warning signals to mitigate such risks.

d. Operational Risk

This risk is about failure of processes and controls in operations, which can also have an adverse impact on business continuity, reputation and profitability of the Company.

Mitigation

A robust control and audit mechanism has been implemented to identify and mitigate operational risks. The Company has a strong operating model and well-documented Standard Operating Procedures and a good reporting framework. This ensures that operational risks are minimised at any given point of time.

e. Regulatory Risk

A complex regulatory framework exists in the financial sector. Any non-compliance with regulations could result in monetary losses and has the capability to damage the Company's reputation.

Mitigation

The Company ensures strict adherence to applicable rules and regulations owing to a strong internal control framework, robust IT systems and an expert team. It closely monitors actions and proactively responds to changes in government policies to keep a tab on regulatory risk.

f. Fraud Risk

We may face fraud risks such as loan fraud, identity theft, internal fraud, and cyber fraud. These risks pose the threat of financial loss and reputation loss, resulting from intentional deception or misrepresentation by individuals or entities, internally or externally.

Mitigation

We have implemented a control framework to prevent, detect, investigate and deal with fraud. A dedicated Risk Control Unit (RCU) monitors, investigates, detects, and prevents fraud. We maintain a zero-tolerance policy towards fraud, actively raising awareness and implementing robust controls to prevent any occurrence. Our Fraud Risk Management reports to the Chief Risk Officer and monitors all fraud risks, while our Audit Committee and Board of Directors monitor frauds specified by the regulator.

g. Information Security Risk

We may face data breaches, cyberattacks, and unauthorised access, leading to compromised sensitive information and potential reputational damage.

Mitigation

We implemented information classification and appropriate controls, utilising Data Leak Prevention (DLP) measures to prevent unauthorised data disclosures, maintaining a Security Operations Centre (SOC) to monitor and respond to security incidents, conducting vulnerability assessments for all infrastructure and applications, monitoring the brand for potential risks and threats, ensuring email and network security measures are in place, developing Business Continuity and Disaster Recovery plans, and establishing Risk Appetite Statement (RAS) parameters specifically related to IT systems.

INTERNAL FINANCIAL CONTROLS

The Company has a robust policy framework to ensure adequate controls on business processes.

To safeguard all its assets and ensure operational efficiency, the Company has put in place a strong internal control mechanism. This ensures full compliance with laws and regulations, accuracy in financial reporting and management information.

In view of the control deficiencies/ gaps noted, the Company has strengthened controls, reviewed policies and upgraded technology systems. The Company is committed to remain compliant with sound corporate governance and risk management practices.

Crucial areas based on audit plans are reviewed by the internal audit function, and then examined and approved by the Audit Committee. Audit plans are formulated based on risk assessment to determine the critical areas to be reviewed.

The Management Committee and Audit Committee of the Board also review the internal audit findings. Thereafter, corrective actions are suggested and implemented by the process owner across relevant functional areas, with the aim of continuously strengthening the internal control framework.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate.

Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management discussion and analysis of IndoStar's Annual Report FY 2022-23.

Board's Report

Dear Members,

Your Directors pleased to present the 14th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2023 and comparison with the previous financial year ended March 31, 2022 are summarized below:

(₹ In Crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total income	973.25	1,053.55
Total expenditure	785.98	1,994.40
Profit/(loss) before taxation	187.27	(940.85)
Less: Provision for taxation		
- Current tax	-	-
- Deferred tax asset	-	(171.66)
Net profit/(loss) after taxes	187.27	(769.19)
Other comprehensive income, net of tax	0.76	0.47
Total comprehensive income	188.03	(768.72)
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	(37.45)	-
Appropriation towards dividend and dividend distribution tax*	-	(58.50)
Surplus in the statement of profit and loss	150.58	(827.22)
Balance brought forward from previous period	(530.28)	296.94
Balance carried to balance sheet	(379.70)	(530.28)
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	13.76	(62.06)
Diluted (₹)	13.76	(62.06)

**includes dividend and dividend distribution tax aggregating to ₹ 58.50 crore towards interim dividend on compulsorily convertible preference shares ("CCPS") for the period from May 27, 2020 to May 26, 2021 paid on June 17, 2021 and final dividend for the period from May 27, 2021 to November 26, 2021 paid on November 26, 2021.*

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 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time ("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, 2023.

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

Conduct Review of commercial vehicles and SME businesses

As set out in the May 6, 2022 disclosure, the Audit Committee had initiated a separate review for undertaking a root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including control gaps / control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses and had appointed an external law firm along with an external agency in this regard ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Act.

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.

In terms of the Dividend Distribution Policy of the Company and the Guidelines issued by the Reserve Bank of India vide its circular no. RBI/2021-2022/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 on Declaration of dividends by NBFCs which is effective from financial year ended March 31, 2022 and onwards, your Company is not eligible to declare dividend for financial year 2022-23.

FINANCIAL STATEMENTS

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

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2023.

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

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

Your Company has 2 (two) 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 continues to be a material subsidiary of your Company. Further, in terms of explanation to Regulation 24(1) of the Listing Regulations, the requirement of appointing an Independent Director of the Company on the board of directors of IHFPL is currently not applicable.

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 detailed presentations on business 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 ₹ 1,623 crore as on March 31, 2023. IHFPL operates in 10 states across India through various branches and has an employee base of over 757 employees as on March 31, 2023.

During the year under review, the total income of IHFPL was ₹ 209.24 crore (previous year: ₹ 144.82 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 37.78 crore (previous year: ₹ 34.31 crore). The other key performance indicators of IHFPL are: (a) Return on Assets: 2.6%; (b) Capital to Risk Weighted Assets Ratio: 80.5%; (c) Debt-Equity Ratio: 1.57x; (d) Assets Under Management: ₹ 1,623 crore which is 15% YoY growth; (e) Disbursements: ₹ 487 crore; (f) Gross Stage 3 assets: 1.3%; and (g) Cash & cash equivalent including undrawn lines: ₹ 206 crore.

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 ₹ 0.16 crore (previous year: ₹ 0.03 crore) and the Profit after tax was ₹ 0.10 crore (previous year: loss after tax was ₹ 0.04 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.

SHARE CAPITAL

Issued, Subscribed and Paid-up Share Capital

As on March 31, 2023 and as on the date of this report, the issued, subscribed and paid-up share capital of the Company stands at ₹ 1,36,07,92,950 divided into 13,60,79,295 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, 2023, holds any instruments convertible into Equity Shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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' person status of the 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. Deep Jaggi (DIN:09412860) resigned from his position as Whole-Time Director & Chief Executive Officer with effect from February 14, 2023, and in line with succession planning for the Company and considering the knowledge, relevant expertise and experience of Mr. Karthikeyan Srinivasan in the retail business and on recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its meeting held on March 30, 2023 and the Members of the Company by means of special resolution passed on April 30, 2023, vide Postal Ballot conducted through remote voting mode, approved the appointment of Mr. Karthikeyan Srinivasan (DIN: 10056556) as a Whole Time Director on the Board of Directors of the Company designated as Chief Executive Officer, to hold office for a term of 5 (five) consecutive years commencing from March 30, 2023 to March 29, 2028.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Munish Dayal (DIN: 01683836) and Mr. Vibhor Kumar Talreja (DIN: 08768297), 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. Munish Dayal and Mr. Vibhor Kumar Talreja have been included in the notice convening the ensuing Annual General Meeting.

Re-appointment of Independent Directors

The NRC after considering, (1) performance evaluation of Mr. Hemant Kaul (DIN: 00551588) and Ms. Naina Krishna Murthy (DIN: 01216114) as a Member of the Board/Committees, (2) their contribution in Board/ Committee deliberations during their tenure as an

Independent Director and (3) their skills, background and experience, recommended to the Board their re-appointment as Independent Director for a second term of five years in terms of Section 149(10) of the Act. The Board unanimously endorsed the view of the NRC and recommended to the Shareholders of the Company, the re-appointment of Mr. Hemant Kaul and Ms. Naina Krishna Murthy as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of five years, effective February 5, 2023 through February 4, 2028. On April 30, 2023, the Shareholders of the Company, by way of a special resolution passed through Postal Ballot conducted through remote e-voting mode, approved the re-appointment of Mr. Hemant Kaul and Ms. Naina Krishna Murthy as Independent Directors of the Company for the above-mentioned tenure.

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, 2023 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 SEBI 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, (i) Mr. Kapish Jain was appointed as Chief Financial Officer of the Company with effect from May 27, 2022. Mr. Jain resigned with effect from close of business hours on July 19, 2022; (ii) Mr. Vinodkumar Panicker was appointed as Chief Financial Officer of the Company with effect from December 26, 2022; (iii) Mr. Deep Jaggi resigned from the office of Chief Executive Officer (CEO) of the Company with effect from February 14, 2023; and (iv) Mr. Karthikeyan Srinivasan was appointed as CEO of the Company with effect from February 14, 2023.

Subsequent to 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:

1. Mr. Karthikeyan Srinivasan
   Chief Executive Officer

2. Mr. Vinodkumar Panicker
   Chief Financial Officer

3. Ms. Shikha Jain
   Company Secretary & Compliance Officer

RBI DIRECTIONS

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 systemically important non-deposit taking non-banking financial company ("NBFC").

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, your Company being an

NBFC, 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 / securitisation of loan assets of the Company etc.

During the year under review, your Company has raised additional funds from inter-alia, following sources (i) ₹ 2,255.00 crore as bank borrowings (outstanding as on March 31, 2023: ₹ 2,588.51 crore); (ii) ₹ 900.00 crore through issuance of non-convertible debentures (outstanding as on March 31, 2023: ₹ 1,108.87 crore); and (iii) ₹ 876.98 crore by securitization of loan assets of the Company. Subsequent to year under review, the Company raised ₹ 300.00 crore through issue of commercial paper (outstanding as on March 31, 2023: ₹ Nil). 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.

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, 2023 is summarized below:

Particulars / Rating Agencies	Rating	Remarks
Long Term:		
• Debt Programme		
CARE Ratings Limited	"CARE A+"	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.
CRISIL Ratings Limited	"CRISIL 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.
• Market Linked Debentures		
CARE Ratings Limited	"CARE PP-MLD A+"	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry 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+"	
ICRA Limited	"[ICRA] A1+"	

During the year under review, CARE Ratings Limited revised the long-term rating to "CARE A+"; re-affirmed short-term rating at "CARE A1+" and it placed the rating under Rating Watch with Negative Implications. By the end of the year, Care Rating Limited removed the Rating Watch with Negative Implications and revised it to "Stable" outlook.

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; it placed the rating under Rating Watch with Negative Implications.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2023 stood at 1.6x.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2023, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 31.5%, 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, 2023 stood at ₹ 1,865.64 crore.

COMPLIANCE WITH MINIMUM PUBLIC SHAREHOLDING

Subsequent to 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 1,93,40,000 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 "One World Centre, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013" to "Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai - 400099 with effect from December 30, 2022.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, were appointed as the Statutory Auditors of the Company at the 11th Annual General Meeting of the Company held on September 24, 2020 for a term of five years to hold office till the conclusion of the 16th Annual General Meeting of the Company.

In terms of the guidelines issued by RBI on April 27, 2021 for appointment of statutory auditors for NBFCs, which was applicable from second half of financial year 2021-22 inter-alia mandates tenure of statutory auditors to be for a continuous period of a maximum of three years subject to satisfying the eligibility criteria each year, the term of Statutory Auditors stands revised from 5 years to 3 years i.e., to hold office till conclusion of 14th Annual General Meeting of the Company. Accordingly, Deloitte Haskins & Sells LLP shall cease to hold office of Statutory Auditors of the Company from the conclusion of the 14th Annual General Meeting of the Company.

In terms of Section 139 of the Act read with rules made thereunder and guidelines issued by RBI on April 27, 2021, the Audit Committee of the Board, after assessing the qualifications and experience of M S K A & Associates, Chartered Accountants, having ICAI Firm Registration No. 105047W recommended their appointment as Statutory Auditors of the Company for a term of three years to the Board of Directors of the Company. Upon recommendation of the Audit Committee, the Board of Directors has approved appointment of M S K A & Associates, as Statutory Auditors of the Company to hold office for a period of three years i.e. from the conclusion of the 14th Annual General Meeting of the Company till the conclusion of the 17th Annual General Meeting of the Company.

Your Directors recommend to the members of the Company the appointment of M S K A & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office for a term of three years i.e. from the conclusion of the 14th Annual General Meeting of the Company till the conclusion of the 17th Annual General Meeting of the Company.

M S K A & Associates, being eligible for appointment as Statutory Auditors have consented and confirmed that their appointment, if made, shall be in compliance with the requirements of Section 139 read with Section 141 of the Act read with rules made thereunder and guidelines issued by RBI on April 27, 2021.

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company have, in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2023 submitted following qualifications:

Qualified 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, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Company had recorded a charge on account of impairment (net of recoveries) of ₹115,077 lakh for the year ended March 31, 2022 (including ₹48,075 lakh against loans for Commercial Vehicles ("CV"), ₹782 lakh against loans to Small and Medium Enterprises

("SME"), ₹14,533 lakh against investment in Security Receipts, ₹1,351 lakh against additional liability on financial guarantee contracts consequent to impairment of the underlying loan assets and a loss of ₹57,764 lakh on write off of loan assets during the previous year).

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of certain account balances as explained by the Company in Note 41.2 of the Statement. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial statements for the year ended March 31, 2022 was modified accordingly. Our opinion on the financial statements for the year ended March 31, 2023 ("current period") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Comments in Report on Other Legal and Regulatory Requirements section of the Audit Report

1(a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

1(d) Except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

Comments in Annexure B to the Auditors Report

(xvii) The Company has not incurred cash losses in the financial year covered by our audit. Considering the standalone financial statements of the Company as at and for the year ended March 31, 2022 (immediately preceding financial year), and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report (dated August 5, 2022) on those financial statements, the effect of which we are unable to determine, we are unable to state if the Company has incurred cash losses during the immediately preceding financial year.

Directors' response to comments of the Statutory Auditors in the Audit Report

With respect to the qualification of the Statutory Auditors, the qualification pertains to comparability of the current year figures with that of previous year as explained in note 41.2 of the Standalone financial statements. There is no impact of the audit qualification on the figures for the current year i.e. year ended March 31, 2023.

As explained in note 41.2 of the financial statements, for the previous year ended March 31, 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during period ended March 31, 2022. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 41.1 of the Standalone financial statements), no incremental provisioning is considered necessary during the year ended March 31, 2023.

Although the possibility that the control deficiencies that were identified during previous year could potentially have had an impact on the financial statements for periods ending prior to April 1, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss for the previous year ended March 31, 2022 when it finalised its financial statements for the year ended March 31, 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on March 31, 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended March 31, 2023 may not be strictly comparable with the figures for the year ended March 31, 2022.

Secretarial Auditors & their Report

In terms of Section 204 of the Act and Regulation 24A (1) of the Listing Regulations, Secretarial Audit Report from M Siroya and Company, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2023 is enclosed herewith at Annexure I to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2023 have submitted following remarks/qualifications:

1. *Non-maintenance of minimum public shareholding ("MPS") of at least 25% as required pursuant to Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations;*
2. *Delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates*
3. *Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results*
4. *Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements;*
5. *Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds of non-convertible debentures*
6. *There were several instances of delayed filings of requisite eForms with the Registrar of Companies, viz., DIR-12, MGT-14, AOC-4 CFS, AOC 5, PAS 3 and CHG-1 etc.*
7. *There were instances of delayed filing of periodical returns required to be filed with the Mumbai Regional Office of the Reserve Bank of India during the year under review.*

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

Subsequent to the year under review, the Company has complied with the provisions of the the minimum public shareholding norms with effect from May 5, 2023, as required under Regulation 38 of the Listing Regulations.

With respect to the delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates, due to then ongoing conduct review by external agency appointed by the Company and in order to disclose its impact in financial results for the quarter and year ended March 31, 2022, there was delay in compliance with submission of financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 in terms of Regulation 33 and submission of other disclosures required to be submitted along with financial results. Post the completion of review by the external agency and confirmation by the statutory auditors on the same, the Company on August 5, 2022 adopted and submitted financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 in terms of Regulation 33 and submission of other disclosures required to be submitted along with financial results.

With respect to the delays in other disclosures with stock exchanges, the same was inadvertently delayed, however, 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 timely submission of return.

With respect to the delay in filing of forms with Ministry of Corporate Affairs, the Company would like to submit that the delay was due to technical glitch on website of MCA and despite the Company's continuous and rigorous efforts, the forms could not be uploaded on time. As soon as the glitch was resolved, the Company filed all the forms immediately.

The delay in filing of returns with Reserve Bank of India was due to system errors while submitting the returns, The Company has since been working on resolving those errors by improving its systems and also liasoning with officials of Reserve Bank of India to ensure timely submissions of all returns.

In terms of Regulation 24A(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 Siroya and Company, Practicing Company Secretary in prescribed format for the financial year ended March 31, 2023 has been submitted to the stock exchanges.

Secretarial Audit Report of Material Unlisted Indian Subsidiary

In terms of Section 204 of the Act and Regulation 24A of the Listing Regulations, Secretarial Audit Report for IndoStar Home Finance Private Limited, a material subsidiary of the Company obtained from H Choudhary & Associates, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2023 is enclosed herewith at Annexure II to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in their report on the secretarial audit of IndoStar Home Finance Private Limited for the financial year ended March 31, 2023 have not submitted any qualifications, reservations, adverse remarks or disclaimers except with respect to appointment of woman director on the Board of the Company.

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

REPORT ON CORPORATE GOVERNANCE

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

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

MEETINGS

The Board and Committees meet at regular intervals inter-alia to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 9 (nine) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committees held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

BOARD COMMITTEES

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

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

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

PERFORMANCE EVALUATION

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

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 22, 2023 to review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity.

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

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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 familiarisation programmes imparted to the Independent Directors during the year under review including details of number of programmes and number of hours spent by each Independent Director are 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.

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

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

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

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

Employee Remuneration

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

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

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism, inter-alia to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company. 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.

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.

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. As part of the Portfolio Review Findings, certain deficiencies were identified with respect to the Risk Management Framework and Policy during the year ended March 31, 2022. The Company under the guidance of the Audit Committee and the Board have gone into depth on all the matters and have remediated the issues by a combination of change in the policies and processes and also by automating the processes and escalating the deviations on an immediate basis. These have been checked for accuracy by the Auditors and the Assurance team and are seen to be working well.

In terms of the RBI Directions and in order to further strengthen the risk management framework, during the year under review, the Company appointed Chief Risk Officer (**"CRO"**) and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company 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 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 July 17, 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. The Audit Committee and the Board of Directors monitor the internal controls system / policies of your Company. The Risk Management Committee and the Audit Committee periodically review various risks associated with the 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.

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

The Statutory Auditors have, in their report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act, have provided an Qualified Opinion as under.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 41.2 of the standalone financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion:

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, 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, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said standalone Ind AS financial statements of the Company.

Directors' response to comments above of the Statutory Auditors in the report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act:

With respect to the Qualified Opinion above, the qualification pertains to comparability of the current year figures with that of previous year as explained in note 41.2 of the Standalone financial statements. There is no impact of the audit qualification on the figures for the current year i.e. year ended March 31, 2023. As explained in note 41.2 of the Standalone financial statements for the current year the figures for the year ended March 31, 2023 may not be strictly comparable with the figures for the year ended March 31, 2022.

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, 2023, is enclosed herewith at Annexure IV to this Board's Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

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

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

In terms of Section 177 of the Act and Regulation 23 of the Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval. Further, as per the applicable provisions of the SEBI Listing Regulations, necessary approvals of the members of the Company were also sought for the material related party transactions proposed to be entered with the related parties.

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of related party transaction entered under Section 188(1) of the Act, in Form AOC-2 is enclosed herewith at Annexure VI to this Board's Report.

Disclosure of the related party transactions as required under IndAS - 24 are reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2023.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the provisions of Section 186 in respect of loans made, guarantees given or securities provided 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 Notes to the financial statements.

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, 2023 in prescribed form No. MGT-7 is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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").

Disclosures in terms of Regulation 14 of the SBEB & SE Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015, are available on the website of the Company at https://www.indostarcapital.com/investors-corner#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, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

GENERAL DISCLOSURE

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.

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

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

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

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 0.23 crore (Previous year foreign exchange expenditure: ₹ 0.23 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, 2023, 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) except for the deficiencies identified in the comparability of previous year figures with current year figures as explained in Note 41.2 of the financial statements in the matters referenced in the Qualified Opinion made by the statutory auditors of the Company on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, 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 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 Trustee, 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 21, 2023

Annexure I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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
Unit No. 505,5th Floor, Wing 2/E,
Corporate Avenue, Andheri- Ghatkopar Link Road,
Chakala, Mumbai - 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") for the audit period covering the financial year ended on March 31, 2023. 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, 2023, 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, 2023 according to relevant and applicable provisions of:

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

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

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

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

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

a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as applicable;

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

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

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

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

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as applicable;

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

h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable during the year); and

i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client.

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

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

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

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

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

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

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

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

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

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

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

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as amended from time to time;

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

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

4. We have been informed that a ransomware attack occurred on the IT infrastructure of the Company on March 14, 2023 around 11 pm. Therefore, we were unable to verify the maintenance of the SDD software and requisite data thereon.

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

1 Non-maintenance of minimum public shareholding ("MPS") of at least 25% as required pursuant to Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations:

1.1 BSE and NSE levied a penalty of ₹5,36,900 each excluding applicable GST for the quarter ended June 30, 2022;

1.2 BSE and NSE levied a penalty of ₹ 10,44,300 each excluding applicable GST for the quarter ended September 30, 2022;

1.3 BSE and NSE levied a penalty of ₹ 10,85,600 each excluding applicable GST for the quarter ended December 31, 2022;

1.4 BSE and NSE initiated the action of freezing against the Promoters and Promoters Group of your Company as per SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 and further directed to intimate the Promoters, Promoter Group and Directors of the Company that they shall not hold any new position as director in any other listed entity till the date of compliance with Regulation 38 of the Listing Regulations;

1.5 BSE and NSE levied a penalty of ₹ 14,63,200 each including applicable GST for the period from January 1, 2023 till May 4, 2023 (May 5, 2023 the Company achieved MPS Compliance).

1.6 As a consequence of the non-compliance with the MPS obligation, the listing application filed by the Company on November 26, 2021 and November 27, 2021, with the BSE and NSE, respectively, for listing of 1,20,68,966 Equity Shares allotted to Brookfield on November, 26 2021 pursuant to conversion of Compulsory Convertible Preference Shares of the Company ("CCPS") have been kept on hold by the BSE and NSE and informed the Company that they would not process the application until the Company meets its MPS obligations.

2 Delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates

2.1 BSE & NSE levied a fine of ₹ 1,77,000 each including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

2.2 BSE & NSE levied a fine of ₹ 94,400 and ₹ 271,400 respectively including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

3 Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results

3.1 BSE levied a fine of ₹ 35,400 including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

3.2 BSE levied a fine of ₹ 54,280 including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

4 Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.

4.1 BSE levied a fine of ₹ 35,400 including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

4.2 BSE levied a fine of ₹ 54,280 including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

5 Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds of non-convertible debentures

5.1 BSE levied a fine of ₹ 11,800 including applicable GST vide email dated December 26, 2022 for the quarter ended March 31, 2022.

6 The Company is advised to improve and/ strengthen its compliance framework, monitoring system, its internal controls, systems and process to ensure compliance with all the applicable acts, laws, rules, regulations, guidelines and standards.

7 7.1 There were several instances of delayed filings of requisite eForms with the Registrar of Companies, viz., DIR-12, MGT-14, AOC-4 CFS, AOC 5, PAS 3 and CHG-1 etc.

8 There were instances of delayed filing of periodical returns required to be filed with the Mumbai Regional Office of the Reserve Bank of India during the year under review.

9 Pursuant to SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017, the recognized stock exchanges are mandated to take following actions:

(a) In cases where the non-compliance continues for a period upto 1 year:

(i) The recognized stock exchange shall impose a fine of ₹5,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze entire shareholding of the promoter and promoter group till the date of compliance by such entity. The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/ approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. An intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

(b) In cases the non-compliance continues for a period more than 1 year:

(i) The recognized stock exchange shall impose an increased fine of ₹10,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze all the securities held in the Demat account of the promoter and promoter group till the date of compliance by such entity.

The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. Intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

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

1. Labour Laws and other incidental laws related to employees appointed

by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Stamps Acts and Registration Acts of respective states;
3. Acts as prescribed under Direct Tax and Indirect Tax;
4. Land Revenue laws of respective states;
5. Labour Welfare Acts of respective states;
6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
7. Such other Local laws as applicable to the Company and its offices/ branches.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and Woman Director. 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. During the year under review:

i. Mr. R. Sridhar resigned as Whole-Time Director, designated as Vice-Chairman, of the Company w.e.f. April 17, 2022;

ii. Mr. Deep Jaggi resigned as Whole-time Director and Chief Executive Officer of the Company w.e.f. February 14, 2023;

iii. Mr. Hemant Kaul was re- appointed as Non-Executive Independent Director for a second consecutive term of five years w.e.f. February 5, 2023;

iv. Ms. Naina Krishna Murthy was re- appointed as Non-Executive Independent Director for a second consecutive term of five years w.e.f. February 5, 2023; and

v. Mr. Karthikeyan Srinivasan was appointed as Whole-time Director of the Company designated as Chief Executive Officer w.e.f. March 30, 2023;

Adequate notices were given to all the Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain cases meetings were held through shorter notice after due compliance with the applicable provisions, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation & deliberations at these Meetings.

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

We further report that, 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:

1. Members at their annual general meeting held on September 29, 2022 ("AGM"), inter-alia, approved the following(s):

   a. Issue of non-convertible debentures for an amount not exceeding ₹ 3,000 crore, in a year, through private placement;

   b. Material related party transactions with BCP V Multiple Holding Pte. Ltd., the holding company of the Company.

2. During the period under review, the Company allotted 4,000 Non-Convertible Debentures of ₹ 10 Lakh each on Private Placement basis aggregating to ₹ 400 crore and 50,000 Non-Convertible Debentures of ₹ 1 Lakh each on Private Placement basis aggregating to ₹ 500 crore which were listed on the wholesale debt segment of the BSE Limited.

3. During the period under review, the Company redeemed / bought back 7,000 Non-Convertible Debentures of face value of ₹ 10 Lakh each aggregating to ₹ 700 Crore.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682E000834466
Place: Mumbai
Date: August 21, 2023

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

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

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

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

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

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

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

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

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682E000834466
Place: Mumbai
Date: August 21, 2023

Annexure II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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 – 400099

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, 2023. 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, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and, subject to our comments, 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, 2023 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"): -
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable during the Audit Period)**;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable during the Audit Period)**;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable during the Audit Period)**;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
   e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
   f) 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)**;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not Applicable during the Audit Period)**; and
   h) 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 Secretarial Standards issued by The Institute of Company Secretaries of India.

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 the Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors, except regarding appointment of a woman Director on the Board of Directors of the Company. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were 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 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) On September 21, 2022, the members at the Annual General Meeting inter-alia approved the following:

   a. Appointment of Mr. N R Narayanan (DIN: 07877022), as Non-Executive Independent Director of the Company;

   b. Increase in Borrowing Limits of the Company;

   c. Issue of Non - Convertible Debentures (NCDs) under Private Placement such that the aggregate principal amount of such NCDs does not exceed ₹ 10,00,00,00,000 (Rupees One Thousand crore only) during a period of 1 (one) year from the date of passing Special Resolution;

(ii) During the period under review, Mr. Shreejit Menon was designated as the Chief Executive Officer of Company and the Board of Directors approved his re-appointment as Whole-time Director for a period of five year subject to approval by the members at the ensuing Annual General Meeting.

H Choudhary & Associates
(Practicing Company Secretaries)

CS Harnatharam Choudhary
Proprietor
Membership No: F8274
C P No.: 9369
UDIN: F008274E000655349

Place: Mumbai
Date: July 25, 2023

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, 2023

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. R. Sridhar*	Nil
		Mr. Deep Jaggi#	54.81
		Mr. Bobby Parikh	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Karthikeyan Srinivasan$	49.33
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO/ CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. Deep Jaggi#	25%
		Mr. Bobby Parikh	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Kapish Jain*	NA
		Mr. Jitendra Bhati (CS)	28%
		Mr. Vinodkumar Panicker	0
3.	The percentage increase in the median remuneration of employees in the financial year	94%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	2057	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average salaries of employees other than managerial personnel, has increased by 29.02% as compared to average salaries paid in the financial year 2021-22. There has been an average decrease in the Managerial Remuneration for the financial year 2022-23 due to vacancy in position of Chief Financial Officer for period of five months.	
6.	Affirmation that the remuneration is as per Remuneration Policy of the Company	It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.	

Note:

**Ceased to be WTD & CEO from April 17, 2022 and was not paid any remuneration for FY 2022-23*

 # Resigned as WTD & CEO from February 14, 2023, remuneration for FY 2022-23 has been annualised.

$ Appointed as WTD & CEO with effect from March 30, 2023, remuneration for FY 2022-23 has been annualised.

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

** Appointed as CFO with effect from May 27, 2022 and resigned as CFO with effect from July 19, 2022, remuneration for FY 2022-23 has been annualised.*

Annexure IV

CEO & CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

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

a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2023, and to the best of our knowledge and belief:

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

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

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

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls, of which we are aware except for the deficiencies identified in the comparability of previous year figures with current year figures as explained in Note 41.2 of the financial statements in the matters referenced in the Qualified Opinion made by the statutory auditors of the Company on the Internal Financial Controls over Financial Reporting.

d. We have indicated to the Auditors and the Audit Committee:

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

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

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

Karthikeyan Srinivasan
Chief Executive Officer

Vinodkumar Panicker
Chief Financial Officer

Place: Mumbai
Date: May 25, 2023

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**	:	Unit No. 505,5th Floor, Wing 2/E, Corporate Avenue Andheri- Ghatkopar Link Road, Chakala NA, Mumbai Mumbai City MH 400099 IN
5	**Corporate address**	:	Same as registered office address
6	**E-mail**	:	icf.legal@indostarcapital.com
7	**Telephone**	:	022 – 4315 7000
8	**Website**	:	www.indostarcapital.com
9	**Financial year for which reporting is being done**	:	2022-23
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**	:	Mr. Vinodkumar Panicker Chief Financial Officer Phone: 022 – 4315 7000 Email id: vpanicker@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

II. Product and Services

14. 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%

15. 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

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

Location	Number of plants	Number of offices	Total
National	-	427	427
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22
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 and SME finance. Following are the types of customers based on products:

Commercial Vehicle Finance: The Company mainly 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 (IHFL) - 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

18. 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)	2,057	1,963	95%	94	5%
2	Other than Permanent (E)	179	172	96%	7	4%
3	Total employees (D + E)	2,236	2,135	95%	101	5%
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

19. 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	0	-

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

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	50%	2%	52%	26%	2%	28%	17%	2%	19%
Permanent Workers	Not Applicable								

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

21. (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%	Yes
3	IndoStar Asset Advisory Private Limited	Wholly-owned subsidiary	100%	No*

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

VI. CSR Details

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	No*
(ii) Turnover (in Lakhs)	97,324.98
(iii) Net worth (in Lakhs)	3,00,985.64

**The Company was not required to spend any amount on CSR activities during the financial year 2022-23 as the Company had incurred losses during the preceding three financial years.*

VII. Transparency and Disclosures Compliances

23. 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 2022-23			FY 2021-22		
		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		-	-	-	-	-	-
Employees and workers	-	-	-	-	-	-	
Customers	https://www.indostarcapital.com/contact-us	681	2		405	15	
Value Chain Partners	-	-	-	-	-	-	
Other (please specify)	-	-	-	-	-	-	

24. 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 it's operations. Most transactions are completed digitally, which raises the risk for cyber and information security.	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
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 the employees are consistently provided with opportunities for empowerment and growth.		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, ecology, art and culture.		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

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)
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	P1	P2	P3	P4	P5	P6	P7	P8	P9
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)**	Yes								
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.**	-								
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.								

Governance, leadership and oversight

7. **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)**

   We take pride in presenting the BRSR Report of our Company Indostar Capital Finance Limited for the FY 2022-23. 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 and corporate lending. 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 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 constituted ESG Working Committee with an object to implement and oversee the Business Responsibility Policies. The committee comprises of Ms. Priya Prasad, Head – Human Resource, Mr. Mihir Bhavsar, Chief Information Security Officer and Mr. K V Bharadwaj, Head – Credit.

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)			
	P1	P2	P3	P4	P5	P6	P7	P8	P9
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.								
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	P1	P2	P3	P4	P5	P6	P7	P8	P9
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	9	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	Strategic Meet	100%
Employees other than BoD and KMPs	1	LMS training	50%
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 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 policy is available on the website of the Company at https://www.indostarcapital.com/sites/default/files/document/Codes%20and%20Policies/Anti-Corruption%2520Policy.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 22-23 (Current Financial Year)	FY 21-22 (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

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.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	
Capex	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. The consumption of resources is limited to running the operations and therefore the Company follows sustainable sourcing practices wherever feasible.

b. **If yes, what percentage of inputs were sourced sustainably?**
Not applicable

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	1,963	1,963	100%	1,963	100%	-	-	1,963	100%	-	-
Female	94	94	100%	94	100%	94	100%	-	-	-	-
Total	**2,057**	**2,057**	**100%**	**2,057**	**100%**	**94**	**5%**	**1,963**	**95%**	**-**	**-**
Other than Permanent employees											
Male	172	172	100%	172	100%	-	-	-	-	-	-
Female	7	7	100%	7	100%	7	100%	-	-	-	-
Total	**179**	**179**	**100%**	**179**	**100%**	**7**	**4%**	**-**	**-**	**-**	**-**

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

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	Not applicable										
Female											
Total											
Other than Permanent employees											
Male	Not applicable										
Female											
Total											

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

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	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	20%	-	Y	25%	-	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 is located has necessary provision 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		Retention rate		Return to work rate		Retention rate	
Male	-	-	-	-	-	-	-	-
Female	5	0.24%	5	100%	-	-	-	-
Total	**5**	**0.24%**	**5**	**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 provides a platform to raise any concerns pertaining to work by any employee of the Company. An employee can convey his/her grievances to their respective departmental heads or even directly to a HR representative. IndoStar has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower', and 'Prevention of Sexual Harassment' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation.
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 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	(B) % (B/A)	No. ©	% (C/A)		No. (E)	(B) % (E/D)	No. (F)	% (F/D)
Employees										
Male	1,963	-	-	623	32%	2,498	-	-	-	-
Female	94	-	-	33	35%	115	-	-	-	-
Total	**2,057**	**-**	**-**	**656**	**32%**	**2,613**	**-**	**-**	**-**	**-**
Workers										
Male	Not applicable									
Female										
Total										

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,963	1,750	89%	2,498	-	-
Female	94	77	82%	115	-	-
Total	**2,057**	**1,827**	**89%**	**2,613**	**-**	**-**
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.

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:

None.

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 2022-23			FY 2021-22		
	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.**

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, 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 stakeholder by the Company. The key stakeholders thus identified are customers, investors, lenders, government, shareholders, regulators, value chain partners, 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, feedback for product customization and customer relationship management and ensuring fairness in dealing with the customers
Investors/ shareholders	No	Press releases and publications, Investor meets, Annual General Meeting, Stock exchange communication, Website disclosures, Through RTA (Registrar and Transfer Agent)	Continuous	To inform 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 company's performance, business developments and to address queries

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
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 and working with them to benefit all the stakeholders of the company
Employees	No	Multiple channels both physical and digital	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 help the employee achieve long term professional and personal growth

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 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees	Please refer note below					
Permanent						
Other than permanent						
Total Employees						
Workers	Not Applicable					
Permanent						
Other than permanent						
Total Workers						

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.

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

Category	FY 2022-23 Current Financial Year					FY 2021-22 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)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,963	-	-	1,963	95%	2,498	-	-	2,498	96%
Female	94	-	-	94	5%	115	-	-	115	4%
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3 **Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	1	2,25,00,000	0	0
Key Managerial Personnel	2	1,40,00,000	0	0
Employees other than BoD and KMP	1,960	4,58,365	94	4,32,092
Workers	Not Applicable		Not Applicable	

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 Head of department. Further, grievances could also be addressed to the Chairman of Audit Committee under whistle blower policy or to the 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 2022-23			FY 2021-22		
	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	Nil					
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

7. 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.

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

No.

9. 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	

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

NA

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 2022-23	FY 2021-22
Total electricity consumption (A)	15,36,383.19	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	15,36,383.19	-
Energy intensity per rupee of turnover		
(Total energy consumption/turnover in rupees)		
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. 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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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 it's business. However, we take 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, to the extent possible, documents / agenda papers are sent through the digital mode to ensure minimum usage of paper.

- **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.

10. 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:

Not applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable

12 **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 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)
	-	

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.**

None

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.**

   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:**

   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 of the communities in which we carry out business operations. However, we have sound processes in place and will actively strive to implement an efficient and effective community grievance 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

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 channel. In case of RBI complaints, the concerned Branch/Operations/Legal/Collections team are informed along with relevant Senior Management. The status of the loan, matter of complaint and communication exchanged in this regard are collated and replies are sent to the customers/Regulatory Bodies along with the 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:**

   Not applicable

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

   Not applicable

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.**

   Not applicable

Annexure VI

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

Sr. No	Particulars	Amount
1.	Details of contracts or arrangements or transactions not at arm's length basis	Not applicable
a)	Name(s) of the related party and nature of relationship	
b)	Nature of contracts/arrangements/ transactions	
c)	Duration of the contracts/arrangements/ transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Amount paid as advances, if any:	
g)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis	
a)	Name(s) of the related party and nature of relationship	BCP V Multiple Holding Pte. Ltd ("BCP V"), holding company of the Company
b)	Nature of contracts/arrangements/ transactions	BCP V Multiple Holdings Pte. Ltd. to directly or through its affiliates procure the provision of a stand-by letter of credit ("SBLC") from Sumitomo Mitsui Banking Corporation, New York Branch (SMBC / Issuing Bank) such that the value of the SBLCs is equal to 1.15 times of the principal amount outstanding in respect of the credit facility in form of term loan of ₹ 827.10 crore (Rupees Eight Hundred Twenty-Seven Crore Ten Lakhs only) which is proposed to be availed of by the Company.
c)	Duration of the contracts/arrangements/ transactions	Till continuation of credit facilities

Sr. No	Particulars	Amount
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	a) 2% (Two percent) of the aggregate commitment of the Lender in respect of the Facility (equivalent to approximately USD 100 million) x required SBLC cover of 1.15x times (**"Upfront Fee"**), which fee shall be payable within 30 (Thirty) calendar days of the date of execution of the Facility Agreement, and b) reimbursement, at actuals, of the fees paid/payable by BCP/ its affiliate to SMBC in relation to the provision of the SBLC (expected to be approximately 2.5%), which shall be payable, basis actual utilization, on a quarterly basis on dates as may be mutually agreed between BCP and the Company (**"Reimbursement Amount"**). Each of the payments required to be made by the Company as set out above shall be required to be made so at to ensure receipt of the amounts stipulated above on a post-tax basis and accordingly the Company shall be required to gross-up any tax deductions or withholdings which may be applicable in respect of such payments such that the amount received by BCP after taking into account any taxes which are required to be deducted or withheld is equal to the Upfront Fee/ Reimbursement Amount.
e)	Justification for entering into such contracts or arrangements or transactions	The procurement of the SBLC is a key condition on the basis of which the Lender has agreed to make the Facility available to the Company and to agree to the current terms, which terms and in particular the interest rate are beneficial to the Company.
f)	Amount paid as advances, if any:	-
g)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not required under Section 188 of the Act however, approval of the shareholders of the Company was obtained pursuant to Regulation 23 of the Listing Regulation at the Annual General Meeting held on September 29, 2022

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

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 21, 2023

Report on 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.

The Company's corporate governance philosophy has been further strengthened through the "Internal Guidelines for Corporate Governance" adopted by the Company in line with the Guidelines on Corporate Governance issued by the Reserve Bank of India (RBI) and updated from time to time.

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 Anti-Corruption Policy.

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

II. BOARD OF DIRECTORS

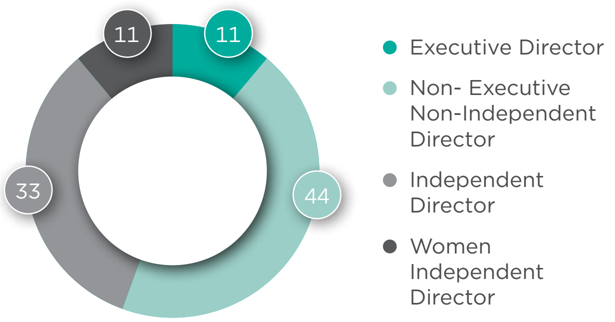
Your Company's Board of Directors has a fiduciary role to protect and enhance stakeholders' value through strategic supervision. The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. The corporate governance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

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

A. Composition of the Board

As on March 31, 2023, the Board of Directors of your Company comprised 8 Directors of which 3 were Non-Executive Independent Directors, 4 were Non-Executive Non-Independent Directors and 1 was 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"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any 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, 2023



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 following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively:

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

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

The composition of the Board of Directors, including details of other directorship(s), committee membership(s) and chairmanship(s) of each Director on the Board of your Company as on March 31, 2023 are given below:

Name of Director	Category	Skills/expertise/ competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s)) in other Companies
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	5	Infosys Limited (Independent Director) Biocon Limited (Independent Director)	5(3)
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers / Amalgamations	7	0	0
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	10	Transcorp International Limited (Independent Director)	3(2)
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	2	Sterling and Wilson Renewable Energy Limited (Independent Director)	1(0)
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking	3	0	1(0)
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare, Technology and Consumer	1	0	0

Name of Director	Category	Skills/expertise/ competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s)) in other Companies
Mr. Munish Dayal	Non-Executive Director	Private Equity, Business Management, Financial Services, Technology and Commercial Real Estate	1	0	1(0)
Mr. Karthikeyan Srinivasan	Whole-Time Director (Chief Executive Officer)	Retail sales, client servicing, Financial services & banking, Financial product management	0	0	0

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

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

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

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2023 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 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, 9 (nine) meetings of the Board of Directors were convened and held on May 27, 2022, August 5, 2022, August 14, 2022, September 26, 2022, November 8, 2022, November 21, 2022, December 26, 2022, February 14, 2023 and March 30, 2023. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting ("AGM") of the Company held during financial year ended March 31, 2023 is given below:

Name of the Directors	No. of Meetings attended* (No. of Meetings held during tenure of directorship)	Attendance at the previous AGM
Mr. Bobby Parikh	9(9)	Yes
Mr. Dhanpal Jhaveri	2(9)	No
Mr. Hemant Kaul	8(9)	Yes
Ms. Naina Krishna Murthy	8(9)	No
Mr. Vibhor Kumar Talreja	7(9)	No
Mr. Aditya Joshi	8(9)	Yes
Mr. Munish Dayal	9(9)	Yes
*Mr. Karthikeyan Srinivasan	1(1)	Not Applicable

** Mr. Karthikeyan Srinivasan appointed as Whole-Time Director from March 30, 2023*

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, 2023, 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 22, 2023 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

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

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 has constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective functioning and governance within the Company. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

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

Committees Overview

As per Companies Act, 2013 and Listing Regulations	As per RBI Directions	As per the Company's internal corporate governance
• Audit Committee	• Asset Liability Management Committee	• Credit Committee
• Nomination and Remuneration Committee	• Greivience Redressal Committee	• Debenture Committee
• Corporate Social Responsibility Committee	• IT Strategy Committee	• Internal Complaints Committee
• Stakeholders Relationship Committee		• Banking Committee
• Risk Management Committee		• Management committee,
		• Corporate lending committee
		• Retail lending committee
		• ESG Working Committee
		• Disciplinary Committee

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker.

During the year under review, the Credit Committee met once on November 21, 2022. The required quorum was present at the above meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Aditya Joshi	Chairman	1(1)
*Mr. Dhanpal Jhaveri	Member	0(1)
#Mr. Deep Jaggi	Member	1(1)
&Mr. Hemant Kaul	Chairman	0(0)
&Mr. Vinodkumar Panicker	Member	0(0)
^Mr. Karthikeyan Srinivasan	Member	0(0)

** Ceased to be a Member from December 26, 2022*

 # Ceased to be a Member from February 14, 2023

& Appointed as a Member from December 26, 2022

^ Appointed as a Member from March 30, 2023.

Terms of reference

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

AUDIT COMMITTEE

Composition, Meetings and Attendance

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

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

During the year under review, the Audit Committee met 12 (twelve) times on April 14, 2022, May 6, 2022, May 27, 2022, August 5, 2022, August 14, 2022, November 8, 2022, November 21, 2022, December 12, 2022, December 26, 2022, February 10, 2023, February 14, 2023 and February 25, 2023. 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 29, 2022.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	12(12)
Mr. Hemant Kaul	Member	11(12)
Ms. Naina Krishna Murthy	Member	10(12)
Mr. Aditya Joshi	Member	12(12)

Terms of reference

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

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. Karthikeyan Srinivasan, Mr. Dhanpal Jhaveri, Mr. Munish Dayal and Mr. Vinodkumar Panicker.

During the year under review, the ALCO met 4 (four) times on June 12, 2022, August 14, 2022, November 21, 2022 and February 8, 2023. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Deep Kumar Jaggi	Chairman	3(4)
Mr. Dhanpal Jhaveri	Member	0(4)
Mr. Munish Dayal	Member	4(4)
#Mr. Kapish Jain	Member	1(1)
&Mr. Vinodkumar Panicker	Member	1(1)
^Mr. Karthikeyan Srinivasan	Chairman	0(0)

**Ceased to be a Chairman and Member from February 14, 2023.*

#Ceased to be a Member from July 19, 2022

&Appointed as a Member from December 26, 2022

^Appointed as a Member from March 30, 2023

Terms of reference

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

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan, Mr. Vibhor Kumar Talreja, Mr. Munish Dayal, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, the RMC met 4 (four) times on May 27, 2022, August 14, 2022, November 21, 2022 and February 8, 2023. The required quorum was present at all the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	3(4)
Mr. Vibhor Kumar Talreja	Member	4(4)
Mr. Munish Dayal	Member	4(4)
*Mr. Mohit Mairal	Member	0(1)
^Mr. Deep Jaggi	Member	3(4)
#Mr. Karthikeyan Srinivasan	Member	3(3)
&Mr. Vinodkumar Panicker	Member	1(1)
^^Mr. Nitin Gyanchandani	Member	0(0)

** Ceased to be a member from close of business hour of May 27, 2022*

^ Ceased to be a member from February 14, 2023

 # Appointed as Member from May 27 2022

& Appointed as a Member from December 26, 2022

^^Mr Nitin Gyanchandani has been appointed as a Member from Aug 02, 2023

Terms of reference

The terms of reference of the RMC inter-alia includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, atleast once in two years or as and when required, overseeing execution / implementation of risk management practices, reviewing appointment, removal and terms of remuneration of the Chief Risk Officer, deciding on transactions that are proposed to be entered into by the Company that have a potential for a conflict of interest in assessment by the members of the Credit Committee.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

The NRC comprises Mr. Bobby Parikh, Mr. 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.

During the year under review, the NRC met 7 (seven) times on May 27, 2022, August 5, 2022, August 14, 2022, November 21, 2022, December 26, 2022, February 14, 2023 and February 25, 2023. 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 29, 2022. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	6(7)
Mr. Bobby Parikh	Member	7(7)
Mr. Aditya Joshi	Member	7(7)

Terms of reference

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

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

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

During the year under review, the CSR Committee met once on August 5, 2022. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Ms. Naina Krishna Murthy	Chairperson	1(1)
Mr. Dhanpal Jhaveri	Member	1(1)
Mr. Bobby Parikh	Member	1(1)
Mr. Munish Dayal	Member	1(1)
#Mr. Deep Jaggi	Member	1(1)
*Mr. Karthikeyan Srinivasan	Member	0(0)

 # Ceased to be a Member from February 14, 2023

** Appointed as a Member from March 30, 2023*

Terms of reference

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

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Kaushal Mithani and Mr. Nitin Gyanchandani.

During the year under review, the Debenture Committee met 3 (three) times on August 3, 2022, December 21, 2022 and March 9, 2023. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
#Mr. Deep Jaggi	Member	2(2)
*Mr. Jayant Gunjal	Member	0(0)
*Ms. Kaumudi Biyani	Member	0(0)
&Mr. Kapish Jain	Member	0(0)
^Mr. Karthikeyan Srinivasan	Member	3(3)
$Mr. Vinodkumar Panicker	Member	1(1)
@Mr. Kaushal Mithani	Member	0(0)
^^Mr. Nitin Gyanchandani	Member	0(0)

** Ceased to be Members from May 27, 2022*

 # Ceased to be Member from February 14, 2023

& Appointed as a Member from May 27, 2022 and ceased to be a Member from July 19, 2022

^Appointed as a Member from May 27, 2022

** Appointed as a Member from December 26, 2022*

@ Appointed as a Member from March 30, 2023

^^Mr Nitin Gyanchandani has been appointed as a Member from Aug 02, 2023

Terms of reference

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. Karthikeyan Srinivasan, Ms. Naina Krishna Murthy, Mr. Munish Dayal 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, the Stakeholders' Relationship Committee met once on August 5, 2022. All the members of the Committee were present at the said meeting. Due to pre-occupation, Mr. Dhanpal Jhaveri could not attend the Annual General Meeting of the Members of the Company held on September 29, 2022. However, he authorised Mr. Deep Jaggi, then CEO and Member of the Committee to attend the Meeting and answer the queries of the Security holders.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Dhanpal Jhaveri	Chairman	1(1)
Mr. Bobby Parikh	Member	1(1)
Ms. Naina Krishna Murthy	Member	1(1)
Mr. Aditya Joshi	Member	1(1)
Mr. Munish Dayal	Member	1(1)
^Mr. Deep Jaggi	Member	1(1)
*Mr. Karthikeyan Srinivasan	Member	0(0)

^ Ceased to be a Member from February 14, 2023

**Appointed as a Member from March 30, 2023*

Subsequent to the year under review, Mr. Jitendra Bhati resigned as Company Secretary and Compliance Officer of the Company with effect from closing 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.

Terms of Reference

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

During the year under review, no complaints were received from investors / shareholders.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. Deep Jaggi, Mr. Amit Ashwin Kothari, Mr. Rakesh Kumar and Mr. Munish Dayal

Terms of Reference

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

OTHER COMMITTEES

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaints Committee comprises Ms. Priya Prasad (Presiding Officer), Mr. Kekin Savla, Ms. Neeta Bisht, Mr. Dipesh Kumar Jagdish Mehta and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Ms. Sneha Singh, Ms. Benaifer Palsetia and Mr. Jayant Gunjal ceased be Members and Ms. Priya Prasad, Ms. Neeta Bisht, Mr. Jitendra Bhati and Mr. Kekin Savla were appointed as Members of the Committee.

Subsequent to the year under review, Mr. Jitendra Bhati ceased to be the Member of the Committee due to his resignation as Company Secretary and Compliance Officer of the Company and Mr. Dipesh Kumar Jagdish Mehta was appointed as a Member of the Committee

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

Terms of Reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Karthikeyan Srinivasan and Mr. Krishnamoorthy Swaminathan.

During the year under review, the Committee met once on August 14, 2022. All the Members were present at the said Meeting.

During the year under review, Mr. Deep Jaggi, Mr. Siva Subramanian VP and Mr. Rakesh Kumar ceased to be Members and Mr. Karthikeyan Srinivasan and Mr. Krishnamoorthy Swaminathan (Grievance Redressal Officer) were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

Terms of Reference

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

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone audited financial statements of the Company for the financial year ended March 31, 2023.

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

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Nitin Gyanchandani and Mr. Kaushal Mithani.

During the year under review, the were no meetings held of 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. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker and Mr. Kaushal Mithani as Members and cessation of Mr. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani as Members of the Committee.

Terms of Reference

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

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. Deep Jaggi, Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia ceased to be Members of the Committee and Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent 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. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani ceased to be Members and Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent to 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 Kumar Jagdish Mehta, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani ceased to be Members and Mr. Karthikeyan Srinivasan, Mr. Dipesh Kumar Jagdish Mehta and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

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

Terms of Reference:

Management Committee

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

Corporate Lending Committee

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

Retail Lending Committee

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

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.

Subsequent to the year under review, Mr. Jitendra Bhati ceased to be a Member of the Committee and Ms. Shikha Jain was appointed.

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 parameters 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 to the various codes and policies adopted by the Company by its employees.

Composition

The Disciplinary Committee comprises of Mr. Karthikeyan Srinivasan, Ms. Priya Prasad and Mr. Nitin Gyanchandani. During the year under review, Mr. Deep Jaggi ceased to be a member of the Committee. Subsequent to 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.

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

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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

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

Investment and Loan Policy

In terms of the requirements of the RBI NDSI Directions, to have a documented policy for investment and demand / call loans granted by the Company, the Board of Directors adopted an 'Investment and Loan Policy' which also includes specific provisions for demand/call loans.

The Investment and Loan Policy inter-alia covers, for investments - the criteria to classify the investments into current or long term investments, transfer of investments, norms for depreciation / appreciation, categorization, valuation and manner of transacting in government securities; and for lending - specific provisions for demand / call loans, takeover / refinancing, provisions around lending against shares, collateral value / asset cover, infrastructure loans, asset classification and provisioning requirements.

In addition to the Investment and Loan Policy, the Company has also adopted an 'Investment Policy' to prescribe detailed criteria for investment / divestment of the funds of the Company (other than surplus funds) and to prescribe a formal framework for management of the Investment Portfolio of the Company.

Policy on Single / Group Exposure Norms

In terms of the requirements of RBI NDSI Directions, to have a documented policy with respect to exposure to a single party or a single group of parties, the Board of Directors adopted a 'Policy on Single / Group Exposure Norms'.

The Policy on Single/Group Exposure Norms inter-alia intends to align the loan / investment amounts of the Company to the repayment capacity / servicing ability of the borrower and spread exposures over a large number of borrowers / entities and to contain the impact of market, economic and other movements on the loan / investment portfolio of the Company.

Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which inter-alia incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

The KYC & AML Policy provides a comprehensive and dynamic framework and measures relating to KYC, AML and CFT to be considered while conducting business. The primary objective of the policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

Risk Management Framework and Policy

In terms of the RBI NDSI Directions, the Listing Regulations and provisions of the Act, the Company's 'Risk Management Framework and Policy' encompasses the organization structure, strategies, systems and procedures. It integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The policy is laid down in light of the Company's objectives, business strategy and complexity arising out of the products/services and other activities carried out in pursuit of these objectives and implementation of these strategies.

Internal Control Framework

In terms of the provisions of the Act and the Listing Regulations, requiring the Company to lay down adequate internal financial controls and in order to strengthen the existing internal controls of the Company enforced through its policies / processes / codes, the Board of Directors adopted an 'Internal Control Framework'. The Internal Control Framework largely outlines a framework for identifying financial reporting and operational risks which may affect the Company, necessary steps to mitigate such risks, reduce the probability of and potential impact in case of materialisation of risks, creating awareness amongst functional staff and draw down a risk ownership structure to manage risks in a timely manner.

Interest Rate Policy

The Company determines the pricing of loans in a transparent manner. In terms of the requirement of RBI NDSI Directions, to have a policy document for interest rates being charged on loans disbursed by the Company and the Fair Practices Code of the Company, the Board of Directors adopted an 'Interest Rate Policy'.

The Interest Rate Policy of the Company inter-alia outlines the manner and factors to be considered while determining interest rate applicable to a particular loan and the approach of the Company for gradation of risk. The range of Annualised Rate of Interest that can be charged by the Company across its different business segments is mentioned in the Interest Rate Policy. Since the Company focuses on providing credit only to customers meeting its credit standards for varying tenors, the interest rate to be charged is assessed on a case to case basis, based on the evaluation of various factors and in line with the range prescribed in the Interest Rate Policy. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Liquidity Risk Management Framework prescribed vide RBI NDSI Directions and to inter-alia strengthen and raise the standard of the Asset Liability Management (ALM) framework of the Company, the Board of Directors adopted an 'ALCO Policy' of the Company.

The ALCO Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. The policy describes the process that should be followed by the ALCO to evaluate the effectiveness of the Company's internal control procedures with respect to managing ALM risks. The ALCO Policy is available on the website of the Company.

Funding Strategy and Resource Mobilization Policy

In terms of the requirement of the Guidelines on Private Placement of Non-Convertible Debentures prescribed vide the RBI NDSI Directions, to have a documented policy with respect to resource planning, the Board of Directors adopted a 'Funding Strategy and Resource Mobilization Policy'.

The Funding Strategy and Resource Mobilization Policy of the Company inter-alia promotes discipline in resource planning and raising of funds inter-alia through private placement of non–convertible debentures, bank borrowings, loan assignment and issuance of commercial paper, etc. with an objective to ensure the maximum diversification of the funding sources in order to avoid concentration risk, while simultaneously managing funding cost and balance sheet considerations and also covers the planning horizon and the periodicity of fund raising by the Company.

Fraud Risk Policy

In terms of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India for prevention of frauds and effective management of fraud risk, the Board of Directors adopted a 'Fraud Risk Policy'. In order to ensure effective implementation of the Fraud Risk Policy, the Board of Directors adopted a 'Fraud Risk Management Framework'.

The Fraud Risk Policy inter-alia sets out the responsibility of employees and management in relation to reporting of fraud or suspected fraud within the Company. The Fraud Risk Policy applies to any irregularity or suspected irregularity, involving employees, borrowers and where appropriate consultants, vendors, contractors, outside agencies doing business with the Company or employees of such agencies, and / or any other parties having a business relationship with the Company.

Policy on Selection Criteria / "Fit & Proper" Person Criteria

In terms of provisions of the Act, Guidelines on Corporate Governance prescribed vide RBI NDSI Directions and the Listing Regulations, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit and Proper" Person Criteria' which lays down a framework relating to appointment of Director(s) and senior management personnel including key managerial personnel of the Company.

The Policy on Selection Criteria / "Fit and Proper" Person Criteria inter-alia includes:

- Manner / process for selection of Directors and senior management personnel including key managerial personnel;
- Criteria to be considered for appointment of Directors including qualifications, positive attributes, fit and proper person status and independence criteria for Independent Directors;
- Criteria to be considered for appointment in senior management of the Company.

In terms of the Policy on Selection Criteria / "Fit and Proper" Person Criteria, the Nomination & Remuneration Committee is primarily responsible for:

- Guiding and recommending to the Board of Directors the appointment and removal of Director(s), senior management personnel and key managerial personnel of the Company.
- Ensuring "Fit and Proper" Person status of proposed / existing Director(s)

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Outsourcing Policy

In order to protect the interest of the customers of non-banking financial companies ("NBFCs") and to ensure that NBFCs and the Reserve Bank of India have access to all relevant books, records and information available with service providers to whom financial activities of the NBFC have been outsourced, the Reserve Bank of India issued Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs ("RBI Outsourcing Directions"). In line with the RBI Outsourcing Directions, the Board of Directors adopted an 'Outsourcing Policy' to govern its material outsourcing arrangements inter-alia setting out parameters for defining materiality of outsourcing arrangements, listing out activities which can and cannot be outsourced, criteria for selection of service providers, risks in outsourcing and its mitigation, delegation of authority for entering into outsourcing arrangements depending on risks and materiality, and systems to monitor and review the operations of the outsourced activities.

Information Technology related Policies and Processes

In terms of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India, the Board of Directors adopted various polices for Information Technology (IT) risk management, resource management and performance management which inter-alia include the 'IT Policy', 'Information Security Policy', 'Cyber Security Policy', 'IS Audit Policy', 'Logical Access Management Policy', 'Change Management Policy', 'Backup Management & Restoration Policy', 'Asset Management Policy', 'Capacity Management Policy', 'IT Outsourcing Policy' and 'Cyber Crisis Management Policy'. Subsequent to the year after review, the Board of Directors adopted various new policies like 'Capacity Management Policy and Process', 'Cloud Security', 'Data Privacy Policy', 'KPI Monitoring Dashboard', 'Log Management Policy', 'ICF Minimum Baseline Security Standard' and 'Windows Server Hardening Policy'. The Board of Directors also adopted various IT processes to ensure effective implementation of the IT policies.

Policy on Co-origination of Loans with Banks

In line with Reserve Bank of India's guidelines on Co-Lending by Banks and NBFCs to Priority Sector, whereby banks could engage with NBFCs for co-origination of loans to priority sectors (Co-origination Guidelines), the Board of Directors adopted a 'Policy on Co-lending with Banks' to enable the Company to explore opportunities of co-financing priority sectors loans with Banks.

Policy on Independence of Chief Risk Officer of the Company

In terms of requirements of the RBI NDSI Directions, the Board of Directors of the

Company adopted 'Policy on Independence of Chief Risk Officer (CRO)' inter-alia prescribing the norms including reporting channels for CRO, to ensure his independence from the executive management of the Company.

Policy on Staff Accountability with regard to Quick Mortality Loan Accounts

In order to outline a Mechanism for dealing with early mortality loan accounts inter-alia including identification, enquiry and investigation and action to be taken with respect to relevant borrower / vendor / employee, the Board of Directors have put in place a Policy on Staff Accountability with regard Quick Mortality Loan Accounts.

MSME Restructuring Policy

In line with various relaxations notified by the Reserve Bank of India to address systemic risk across MSME borrowers that come under stress due to events like demonitisation, implementation of GSR and disruption caused due to COVID-19, the Board of Directors have adopted an MSME Restructuring Policy. The Policy is amended / updated from time to time in line with new guidelines, as and when prescribed by RBI.

COVID - 19 Moratorium Policy

In recognition of the fact that it was important to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic and ensure continuity of viable business, in line with RBI circulars issued in this regard, the Board of Directors of the Company adopted a COVID-19 Moratorium Policy – I & II, to provide moratorium to eligible borrowers in payment of Principal and Interest inter-alia outlining the eligibility of borrowers, loan products covered, key features, asset classification guidelines and implementation plan for moratorium to be granted to eligible borrowers.

Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors

In line with RBI circular permitting NBFCs to defer the Date of Commencement of Commericial Operations (DCCO) for project and commercial real estate loans by one year, the Board of Directors adopted a Policy on Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors, in order to pass on the benefit of the relaxations to the borrowers.

Expected Credit Loss Policy

In order to promote high quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company, RBI notified guidance on implementation of Indian Accounting Standards by NBFCs. In line with the RBI circular and outline sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the NBFC and for computation of Expected Credit Losses, the Board of Directors adopted the Expected Credit Loss Policy.

Policy on Appointment of Auditors

In terms of requirements of the guidelines issued by RBI from time to time, provisions of the Act and NDSI Directions and in order to clearly outline the parameters to be considered for appointment and continuation of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company including qualification, eligibility and tenor, the Board of Directors adopted a Policy on Appointment of Auditors.

Internal Audit Policy

In terms of requirements of the guidelines issued by RBI on Risk Based Internal Audit, during the year under review, the Board of Directors has adopted "Risk Base Internal Audit Policy" clearly articulating the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from Risk Management Function and Risk Based Internal Audit Function in consistent with the size and nature of the business undertaken, the complexity of operations and factoring in the key attributes of internal audit function relating to independence, objectivity, professional ethics, accountability, etc.

Policy on Transfer of Stressed Loan

In terms of requirements of the guidelines issued by RBI, during the year under review, the Board of Directors has adopted "Policy on Transfer of Stressed Loan", inter-alia, covering norms and procedure for transfer or acquisition of stressed loans, valuation methodology permitted transferees, as well as transfer to ARCs.

Policy on Securitization of Asset and Transfer of Loan Exposure

In terms of requirements of the guidelines issued by RBI, during the year under review, the Board of Directors has adopted "Policy on Securitization of Asset and Transfer of Loan Exposure" with an object to provide loan securitization guidelines for loans originated by the Company or loan exposure purchased by the Company.

Whistle Blower Policy / Vigil Mechanism

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

The Vigil Mechanism provides a channel 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.

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 NDSI Directions, the Board of Directors adopted a 'Related Party Transaction Policy' to ensure proper approval and reporting of transactions between the Company and its related parties.

The Related Party Transaction Policy inter-alia sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders.

The Related Party Transaction Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Code of Conduct for Directors & Employees

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organization, the Board of Directors adopted a comprehensive 'Code of Conduct for Directors and Employees' which is applicable to all the Directors, including Non-Executive and Independent Directors and employees of the Company to the extent of their role and responsibilities in the Company. The code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Karthikeyan Srinivasan, the CEO of the Company, is annexed to this Corporate Governance Report.

Policy for Determining Material Subsidiary

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determining Material Subsidiary' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which inter-alia sets out guidelines for determining materiality of events / information for the purpose of disclosure to the stock exchanges and identifies officers of the Company who shall be authorized to make necessary disclosures to the stock exchanges. The Policy for Determination of Materiality of Events and Information is available on the website of the Company.

Archival Policy

In terms of the Listing Regulations, the Board of Directors adopted an 'Archival Policy' in order to prescribe the period for which events / information disclosed to the stock exchanges, shall be hosted on the website of the Company. The Archival Policy is available on the website of the Company.

Policy on Diversity of Board of Directors

In terms of the Listing Regulations, the Board of Directors adopted a 'Policy on Diversity of Board of Directors' to set out a transparent process for nomination of persons to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender.

Plans for orderly succession for appointment to its Board of Directors and Senior Management

In terms of the provisions of the Listing Regulations, the Board of Directors has put in place plan for orderly succession for appointment to its Board of Directors and Senior Management with an objective to provide continuity in leadership, to ensure that identified key positions do not fall vacant for long periods of time and to prepare a talent pool that is ready to take up positions that may fall vacant due to any reason.

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company, 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.

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	13.80
Mr. Hemant Kaul	12.65
Ms. Naina Krishna Murthy	10.50

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. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

During the year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and remuneration as disclosed herein above.

Remuneration of Executive Director: Mr. Deep Jaggi was appointed as a Whole-Time Director designated as CEO of the Company, with effect from February 10, 2022. Mr. Deep Jaggi resigned as a Whole-Time Director and Chief Executive Officer of the Company with effect from close of business hours on February 14, 2023.

Mr. Deep Jagi was entitled to a gross salary of ₹ 2.00 crore per annum for the financial year 2022-23 along with perquisites, club membership etc. as per the Company's Policy(s) and was paid annual performance bonus of ₹ 50 Lakhs during the financial year 2022-23.

Mr. Karthikeyan Sriniavsan was appointed as a Whole-Time Director designated as CEO of the Company, with effect from March 30, 2023 and in accordance with the Management Agreement dated March 30, 2023 was entitled to a gross salary of ₹ 1.80 crore per annum for financial year 2022-23 along with perquisites, club membership etc. as per the Company's Policy(s) and at the Company's discretion will be eligible to receive annual performance appraisal including incentive / variable bonus commencing from financial year 2023-24.

Employee Loan Policy

In order to strengthen Company's ability to attract and retaining high quality talent the Board of Directors of the Company adopted a Policy on Loans to Employees ("EL Policy") of the Company and its majority owned subsidiaries. All employees including executive Directors, of the Company and its majority owned subsidiaries are covered under the EL Policy.

Record Retention Policy

In order to facilitate operations by promoting efficiency in record keeping, eliminating accidental destruction of valuable records and in order to be in compliance with various laws applicable in this regard including the Listing Regulations, the Board of Directors adopted a 'Record Retention Policy'.

The Record Retention Policy provides for the systematic review, retention, and destruction of records and documents received or created by the Company.

Dividend Distribution Policy

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors

The Independent Directors of your Company were familiarised inter-alia with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning roles rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Business Responsibility Policy

In terms of the provisions of the Listing Regulations and National Voluntary Guidelines on Social, Environmental and Economic responsibilities of a Business published by the Ministry of Corporate Affairs governing conduct of companies, the Board of Directors adopted a 'Business Responsibility Policy' to set out a unified and common approach to the dimensions of business responsibility across the organisation.

Business Continuity Plan

In terms of the provisions of the Listing Regulations and in order to create a prevention and recovery system from potential threats including due to natural disasters or cyber-attacks, the Board of Directors adopted a Business Continuity Plan. The Business Continuity Plan is designed to protect personnel and assets of the Company and to make sure they can function quickly when adverse unavoidable circumstances or disasters strike.

Corporate Social Responsibility ("CSR") Policy

In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

The CSR Policy is available on the website of the Company at 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 prescribe criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

Code of Conduct for Prohibition of Insider Trading and Internal Procedures, and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and in order to maintain highest standards whilst dealing with confidential and unpublished price sensitive information of the Company and in order to ensure uniform dissemination of unpublished price sensitive information, the Board of Directors adopted (i) a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company is available on the website of the Company.

Code for Independent Directors

In terms of provision of the Act, the Board of Directors adopted a 'Code for Independent Directors' in order to ensure fulfillment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority shareholders and regulators in the institution of Independent directors and sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc. The Code for Independent Directors is available on the website of the Company.

In addition, as a part of its larger good corporate governance initiative, the Board of Directors has also adopted certain other codes and policies.

Anti-Corruption Policy

To further affirm Company's zero-tolerance approach towards corruption, to act professionally with integrity in all its business dealings and relationships wherever it operates and to conduct its business in an honest and ethical manner by preventing / countering corruption within the organisation, the Board of Directors adopted an 'Anti-Corruption Policy'.

The Anti-Corruption Policy inter-alia aims to prohibit the Company's personnel, and any other entity or person acting for or on behalf of the Company from offering, providing or receiving prohibited gratuities, bribes, gifts, entertainment, facilitating payments, or anything of value to or for the benefit of a government official or any other person contrary to anti-corruption laws or engaging in activities or transactions with sanctioned or blacklisted countries or individual parties contrary to applicable laws or engaging in any corrupt, fraudulent, coercive or collusive practice. The Anti-Corruption Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of valuing compliance, the Board of Directors adopted a 'Compliance Process' which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

The Company's 'Media Communication Policy' encompasses the organisation structure, systems and procedures to manage communications with external audiences in a co-ordinated way via appointed spokespeople to ensure that external communication is consistent and aligned with the policies and needs of the Company.

Care and Dignity Policy

Consistent with its core values, the Company is committed to creating an environment in which all individuals are treated with respect and dignity and promote a gender sensitive safe work environment. The Company has zero tolerance to any form of sexual discrimination and / or harassment and hence has adopted a 'Care and Dignity Policy' to ensure that its employees are not subjected to any form of discrimination and / or sexual harassment.

In addition to the above, during the year under review, the Company adopted following policies in compliance with the notification dated October 22, 2021 issued by RBI with regard to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("SBR guidelines").

Policy on Internal Capital Adequacy Assessment Process

The Policy on Internal Capital Adequacy Assessment Process reflects an integrated approach to risk management and capital management, involving an assessment of the level of, and appetite for, risk and then ensuring that the level and quality of capital are appropriate to that risk profile. The policy lays down the material risks, capital quality and level, risk quantification results along with risk management processes and governance followed by the Company in line with the Reserve Bank of India ("RBI") guidelines.

Policy on funding to Directors, Senior Managers, Relatives and related entities

The Policy on funding to Directors, Senior Managers, Relatives and related entities provides a guideline w.r.t. to granting loans to the Directors, Senior Officers, relatives, and related entities as per the SBR guidelines.

Senior Management personnel as on March 31, 2023:

Name	Designation
Karthikeyan Srinivasan*	Chief Executive Officer
Vinodkumar Madhavan Panicker*	Chief Financial Officer
Jitendra Bhati#	General Counsel
Kekin Savla	Head – Finance
Priya Prasad*	Head - Human Resources
Amit Ashwin Kothari	Chief Technology Officer
Mihir Bhavsar	Chief Information Security Officer
Kashinath Palekar*	Head - Internal Audit
Krishnamoorthy Swaminathan*	Head – Operations
Bandreddi Obula Reddy*	Head Policy
Kaushal Vinay Mithani*	Head – Treasury
K V Bharadwaj*	Head – Credit
Swapnil Ashok Naik*	Deputy Vice President - Corporate Lending and Markets
Sameer Sunil Wadhawan*	Vice President - Corporate Development
Vivek Guleria*	Head- Legal Recovery
Arvind Uppal	Head – Collections
Hansraj Thakur	Business Head
Devaraj C*	Chief Business Officer
Dipesh Kumar Jagdish Mehta*	Chief Product Officer

 # Resigned subsequent to year under review.

**Appointed during the year under review.*

Senior Management personnel resigned during the year under review:

Name	Designation
Kirtikant Kaviju	Head – Legal
Vivek Punniyaseelan	Head Cross Sale & Insurance renewals
Siva Subramanian VP	Head Securitization & Customer Care
Rohit Sachdeva	National Credit Head - SME
Jayant Gunjal	Head – Treasury
Kapish Jain	Group Chief Financial Officer
Benaifer Palsetia	Chief Human Resources Officer
Salil Bawa	Head - Investor Relations
Kaumudi Biyani	Head - Finance

V. 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	September 28, 2021

VI. GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2019-20	September 24, 2020	11:30 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 10,000 crore, during a year. • Policy on loans to employees of the Company and its Subsidiaries • Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company. • Approval of Contract executed with Mr. R. Sridhar, Whole-Time Director of the Company. • Amendment of IndoStar ESOP Plan 2012. • Amendment of IndoStar ESOP Plan 2016. • Amendment of IndoStar ESOP Plan 2016 — II. • Amendment of IndoStar ESOP Plan 2017. • Amendment of IndoStar ESOP Plan 2018. • Amended IndoStar ESOP Plan(s) - Grant of options to the eligible employees of subsidiary companies / holding company. • Adoption of Restated Articles of Association of the Company.	Held through Video Conferencing / Other Audio Visual Means

For Financial Year	Date	Time	Special Resolutions passed	Venue
2020-21	September 28, 2021	11:00 a.m.	• Appointment of Mr. Munish Dayal (DIN: 01683836) as Non-Executive Non-Independent Director. • 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

Postal Ballot

During the year under review, the Company sought the approval of the Members on the Special Resolutions by way of Postal Ballot notice dated March 30, 2023 which was passed with requisite majority on April 30, 2023, details of same are mentioned below:

Special Resolutions passed through Postal Ballot	Voting percentage of shareholders participated
Appointment of Mr. Hemant Kaul (DIN: 00551588) as a Director and re-appointment as Non-executive Independent Director for a second consecutive term of five years	**% of vote in Favour:** 99.9992% **% of vote in Against:** 0.0008%
Appointment of Ms. Naina Krishna Murthy (DIN: 01216114) as a Director and re-appointment as Non-executive Independent Director for a second consecutive term of five years	**% of vote in Favour:** 99.9992% **% of vote in Against:** 0.0008%
Appointment of Mr. Karthikeyan Srinivasan (DIN: 10056556) as a Whole-time Director of the Company designated as Chief Executive Officer	**% of vote in Favour:** 99.9993% **% of vote in Against:** 0.0007%

Mr. Mukesh Siroya (ICSI Membership No. F5682), Proprietor, M/s M Siroya & Company, 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.

VII. MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly and annual financial results are published in Free Press Journal and Navshakti, 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.

VIII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	14th Annual General Meeting Date: September 18, 2023 Time: 10.30 a.m. (IST) Mode of conducting the meeting: Video conferencing / other audio-visual means
Financial Year	April 1 to March 31
Dividend Payment Date	Not Applicable
Date of Book Closure	Tuesday, September 12, 2023 to Monday, September 18, 2023 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges.
Stock Code	BSE: 541336 NSE: INDOSTAR
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in

Share Transfer System	In terms of the Listing Regulations w.e.f. April 1, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee.
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2023, out of 13,60,79,295 Equity Shares, 12,40,10,329 Equity Shares of the Company (91.13% of the Equity Shares of the Company) were held in dematerialized form. The remaining 8.86% of Equity Shares are shown as held in physical form as listing of the same is in process.
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments.
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable
Utilisation of Funds raised through Preferential Allotment/ Qualified Institutions Placement	During the year under review, the Company has not raised any funds by way of Preferential Allotment/ Qualified Institutions Placement
Plant Locations	Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places throughout India.
Address for Correspondence	Ms. Shikha Jain Company Secretary & Compliance Officer Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400099 Telephone: +91 22 43157000; Email id: investor.relations@indostarcapital.com
List of Credit Ratings along with any revisions during the financial year	See below

List of Credit Ratings along with any revisions during the financial year

LONG TERM

Debt Programme	May-22*	Aug-22#	Mar-23^
CARE Ratings Limited	AA-	A+	A+
CRISIL Limited	AA-	AA-	No change in outlook
Market Linked Debentures			
CARE Ratings Limited	PP-MLD AA-	PP-MLD A+	PP-MLD A+

SHORT TERM DEBT PROGRAMME/ COMMERCIAL PAPER:

CARE Ratings Limited	CARE A1+	CARE A1+	CARE A1+
CRISIL Limited	CRISIL A1+	CRISIL A1+	CRISIL A1+
ICRA Limited	#ICRA A1+	-	-

* Watch with Developing Implications
\# Watch with Negative Implications
^ Stable Outlook

Distribution of Shareholding as on March 31, 2023:

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	73,469	97.96	30,06,455	2.21
2	501	-	1000	682	0.91	5,23,241	0.38
3	1001	-	2000	374	0.50	5,59,057	0.41
4	2001	-	3000	132	0.18	3,39,564	0.25
5	3001	-	4000	73	0.09	2,64,375	0.19
6	4001	-	5000	57	0.08	2,69,416	0.20
7	5001	-	10000	97	0.13	7,31,923	0.54
8	10001 & above			114	0.15	13,03,85,264	95.82
Total				**74,998**	**100.00**	**13,60,79,295**	**100.00**

Shareholding Pattern as on March 31, 2023:

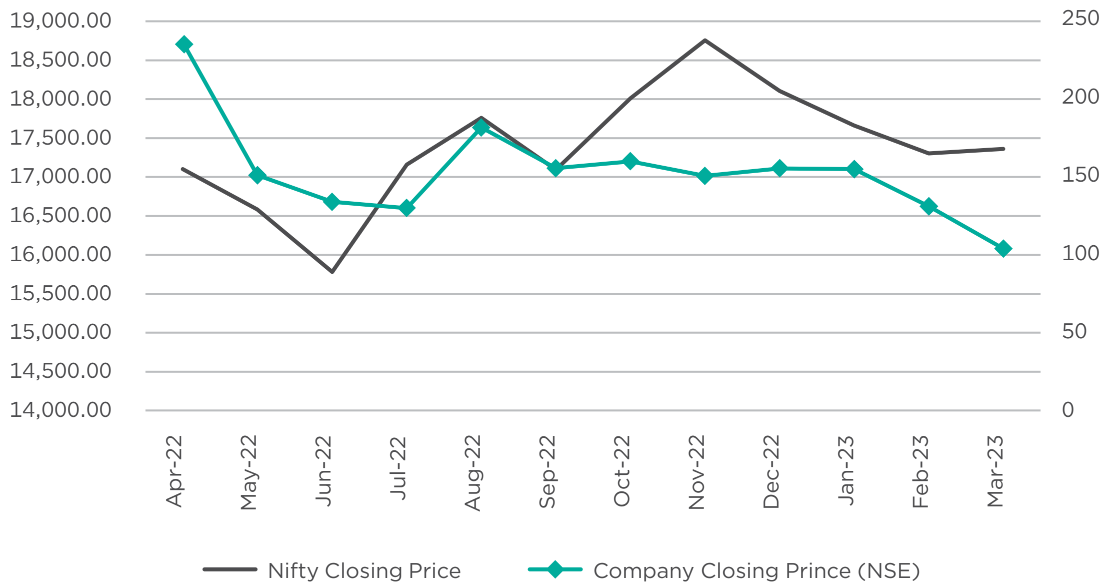
Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	11,79,50,221	86.68
2	Promoter Group	34,48,005	2.53
	Total (A)	**12,13,98,226**	**89.21**
B			
1	Mutual Funds	-	-
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	15,80,730	1.16
4	Financial Institutions / Banks	-	-
4	Insurance Companies	21,02,365	1.54
5	Directors and their relatives	1,000	0.00
6	Individuals	85,16,507	6.26
7	Non-Resident Indians	2,43,184	0.19
8	Foreign Nationals	-	-
9	Bodies Corporate	16,85,226	1.24
10	Others	5,52,057	0.41
	Total (B)	**1,46,81,069**	**10.79**
Total (A+B)		**12,37,30,329**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2023:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2022	257.00	209.10	252.00	209.25
May 2022	233.50	140.45	234.90	140.10
June 2022	155.80	129.50	155.00	129.05
July 2022	149.70	116.80	142.00	117.25
August 2022	197.50	122.00	197.40	123.80
September 2022	197.00	145.80	197.25	148.00
October 2022	177.50	155.05	174.55	152.50
November 2022	171.00	142.15	167.85	143.50
December 2022	158.75	130.20	158.90	134.35
January 2023	170.50	145.20	168.45	147.85
February 2023	159.95	131.10	159.00	128.60
March 2023	146.00	104.10	144.50	103.15

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2023:

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2023:



IX. OTHER DISCLOSURES

Materially significant related party transactions: During the year under review, the Company had not entered in to any materially significant related party transaction that may have potential conflict with the interests of Company at large.

Details of non-compliance: 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 financial year 2022-23
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 ₹ 35,00,000 excluding applicable GST had been levied by NSE and BSE as detailed below: 1. BSE and NSE levied a penalty of ₹ 4,55,000 each excluding applicable GST during the quarter ended June 30, 2022 2. BSE and NSE levied a penalty of ₹ 8,85,000 each excluding applicable GST for the quarter ended September 30, 2022. 3. BSE and NSE levied a penalty of ₹ 9,20,000 each excluding applicable GST for the quarter ended December 31, 2022. 4. BSE and NSE levied a penalty of ₹ 12,40,000 each excluding applicable GST for the period January 1, 2023 to May 4, 2023. i.e. till the date of non-compliance. Mail dated March 14, 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 ₹ 1,50,000 each excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE & NSE levied a fine of ₹ 80,000 and ₹ 2,30,000 respectively excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.
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 ₹ 46,000 excluding 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.

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for financial year 2022-23
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 ₹ 10,000 excluding applicable GST vide email dated December 26, 2022 for the quarter ended March 31, 2022.

**Subsequent to the year under review, Indostar Capital and Everstone Capital Partners II LLC, members belonging to the promoter group, have completed the sale of 1,93,40,000 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 May 3, 2023 and May 4, 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, 2023. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has adopted the following non-mandatory requirements of the Listing Regulations:

- The Board of Directors of the Company has resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;
- 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 2022-23, 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, 2023.

X. 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, 2023.

Karthikeyan Srinivasan

Place: Mumbai — CEO

Date: August 21, 2023 — DIN: 10056556

Corporate Governance Compliance Certificate

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as applicable, for financial year ended March 31, 2023.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of Corporate Governance under the Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2023.

In our opinion based on the information and the explanations furnished to us by the Company, its

officers, agents and authorized representative, we certify that the Company has during the financial year ended March 31, 2023 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

We further state that such certification is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN: F008274E000836301

Place: Mumbai
Date: August 21, 2023

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records maintained by IndoStar Capital Finance Limited ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company, for the purpose of issuing a certificate under Regulation 34 (3) read with point 10(i) of paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for financial year ended March 31, 2023.

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, 2023, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. Bobby Parikh	00019437
2.	Mr. Dhanpal Jhaveri	02018124
3.	Mr. Vibhor Kumar Talreja	08768297
4.	Mr. Aditya Joshi	08684627
5.	Mr. Munish Dayal	01683836
6.	Mr. Hemant Kaul	00551588
7.	Ms. Naina Krishna Murthy	01216114
8.	*Mr. Deep Kumar Jaggi	09412860
9.	Mr. Karthikeyan Srinivasan	10056556

** Mr. Deep Kumar Jaggi resigned w.e.f. 14 February, 2023.*

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number: F008274E000836420

Place: Mumbai
Date: August 21, 2023

Independent Auditor's Report

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Qualified 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, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As explained in Note 41.2 to the standalone financial statement, the Company had recorded a charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the quarter and year ended March 31, 2022. The Company had concluded it was impracticable to determine the prior period-specific effects, if any, of this charge because significant judgements had been applied in determining the staging of the loan assets recorded at amortised cost and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgements without hindsight for the prior period(s).

As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial statement for the year ended March 31, 2022 was modified accordingly. Our opinion on the financial statements for the year ended March 31, 2023 ("current year") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures of the previous year.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. 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. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Allowance for Expected Credit Losses (ECL) on Loan Assets:**
	(Refer Notes 5 and 2.3(f)(i) to the standalone financial statements)
	As at 31 March, 2023, loan assets aggregated ₹ 519,562 lakhs (net of ECL ₹ 54,168 lakhs), which are measured at amortised cost, constituting 64% of the Company's total assets.
	As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:
	• Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories
	• Basis used for estimating Probabilities of Default ("PD");
	• Basis used for estimating Loss Given Default ("LGD");
	• Adjustments to model driven ECL results, to address emerging trends.
	• Impact, if any, arising out of the findings of the Conduct Review in respect of Commercial Vehicle ("CV") loan assets portfolio and Small and Medium Enterprises ("SME") loan portfolio. (Refer note 41.1)
		Principal audit procedures performed:
		We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the Company.
		We have verified the methodology adopted for computation of ECL ("ECL Model") on loan assets that complies with policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on the loan assets measured at amortised cost.
		Our audit procedures related to the allowance for ECL on loan assets included the following, among others:
		• Testing the design and effectiveness of controls over the:
		  • completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors (including findings arising from Conduct Review) to be applied.
		  • appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and
		  • computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.
		  • Additional controls instituted and modifications to the existing controls that were carried out to address the findings of the Conduct Review.
		• Also, for the samples tested included the following, among others:
		  • the appropriateness of the qualitative factors applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring and arising from the findings of the Conduct Review;
		  • We tested the input data used in estimating the PD;
		  • We evaluated reasonableness of LGD estimates.
		• mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.

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 information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone 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 standalone 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 standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 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 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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 financial 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 accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, 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 Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) Except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 A". Our report expresses an qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its 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 it's knowledge and belief, other than as disclosed in the note 41.4 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 it's knowledge and belief, other than as disclosed in the note 41.4 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, 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), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements 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 IndoStar Capital Finance Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to standalone financial statements of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 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 over financial reporting 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 41.2 of the standalone financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, 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, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said standalone Ind AS financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) In respect of the Company's Property, Plant and Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment, and the relevant details of Right-of-Use assets.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment, were physically verified during the year by the Management in accordance with a regular programme of verification which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered conveyance deed provided to us, we report that, the title deed of the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d), of the Order is not applicable.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) As stated in Note 16 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at points of time during the year, by banks or financial institutions on the basis of security of loans (assets). In our opinion and according to the information and explanations given to us and read with Note 16(b) to the standalone financial statements, the quarterly statements (asset cover statements as certified by another Chartered Accountant) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) As explained in Note 1 to the standalone financial statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI") and as part of its business activities, the Company is engaged in the business of lending across various types of loans.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee / security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:

(a) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(a) of the Order is not applicable;

(b) In our opinion, having regard to the nature of the Company's business, the loans and advances in the nature of loans given, the investments made, guarantees provided and security given, during the year are, prima facie, not prejudicial to the Company's interest;

(c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.3(f)(i) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets were categorised as credit impaired ("Stage 3") and those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 31(E) to the standalone financial statements. Additionally, out of loans and advances in the nature of loans, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating ₹ 41,383 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days (stage 3 loan assets), in respect of loans and advances in the nature of loans, as at the year-end is ₹ 46,224 lakhs as disclosed in Note 31(E) to the standalone financial statements. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 (the "Act") in respect of loans granted, investments made and guarantees provided, as applicable. The Company has not provided any security to any parties covered under Section 185 and 186 of the Act.

(v) In our opinion and 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. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) Having regard to the nature of the Company's business/activities, reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities. We have been informed that the Company did not have any dues payable on account of Sales Tax, Service Tax, duty of Customs, duty of Excise and Value Added Tax.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and any other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) Based on an overall examination of the disbursements and terms loans availed during the year, in our opinion, term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. As informed to us, the Company did not have any associate company or joint venture during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) during the year under review and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under section 143(12) of the Companies Act, 2013, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report insofar it relates to the Company's transactions during the year.

(d) Consequent to the deficiencies in the Commercial Vehicle (CV) and Small and Medium Enterprise (SME) loan assets portfolio identified during the audit of the financial statements as at and for the year ended March 31, 2022, as explained in note 41.1 to the standalone financial statements, during the year, the Audit Committee of the Board of Directors of the Company, had initiated a review of certain transactions carried out during the financial years ended March 31, 2021 and March 31, 2022 with the objective of identifying the root cause for control deficiencies identified during the audit (for which it had engaged the services of a law firm and a professional services firm). The findings of the said law firm and professional services firm were evaluated and assessed with the assistance of another legal expert, as to whether any act, omission or conduct on the part of certain employee/ex-employees was fraudulent as contemplated in section 447 of the Companies Act, 2013. Based on the opinion of the said legal expert, the Company concluded that the actions of the identified personnel did not constitute a 'fraud' as contemplated under section 447 of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

(xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports, issued to the Company during the year covering the period up to March 31, 2023.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company or subsidiary companies or persons connected with such director and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and it has obtained the registration.

(b) During the year, the Company has conducted non-banking financial activities with a valid

Certificate of Registration ('CoR') from the RBI as per the RBI Act. The Company has not conducted any housing finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company ("CIC") and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group does not have any CIC as part of the group and accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the financial year covered by our audit. Considering the standalone financial statements of the Company as at and for the year ended March 31, 2022 (immediately preceding financial year), and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report (dated August 5, 2022) on those financial statements, the effect of which we are unable to determine, we are unable to state if the Company has incurred cash losses during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and 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 indicating 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) The Company was not required to spend any amount towards Corporate Social Responsibility ("CSR") and accordingly there are no unspent CSR amount for the year requiring a transfer to a fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Balance Sheet

as at March 31, 2023

(Currency: Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	16,500.70	7,180.23
Bank balances other than cash and cash equivalents	4	20,343.50	38,867.95
Loans	5	519,561.53	649,096.68
Investments	6	145,705.73	97,713.42
Other financial assets	7	33,419.56	8,956.43
		735,531.02	**801,814.71**
Non-financial assets			
Current tax assets (net)	8	5,376.00	6,636.87
Deferred tax assets (net)	9	31,643.62	31,669.41
Property, plant and equipment	10	4,788.71	6,938.06
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	2,034.77	1,103.75
Other non-financial assets	13	3,234.49	2,945.40
		78,396.28	**80,612.18**
TOTAL ASSETS		**813,927.30**	**882,426.89**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		7.62	30.15
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		727.63	238.88
Debt securities	15	110,886.95	197,793.62
Borrowings (other than debt securities)	16	370,421.44	350,504.82
Other financial liabilities	17	28,211.11	44,874.67
		510,254.75	**593,442.14**
Non-financial liabilities			
Provisions	18	465.66	612.03
Other non-financial liabilities	19	951.60	571.06
		1,417.26	**1,183.09**
TOTAL LIABILITIES		**511,672.01**	**594,625.23**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	288,647.36	274,193.73
TOTAL EQUITY		**302,255.29**	**287,801.66**
TOTAL LIABILITIES AND EQUITY		**813,927.30**	**882,426.89**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Statement of Profit and Loss

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	22		
Interest income		88,947.05	95,574.81
Fees and commission income		4,706.70	3,846.81
Net gain on fair value changes		2,511.40	2,310.14
Net gain on derecognition of financial instruments measured at amortised cost category		722.80	2,486.64
Total revenue from operations		**96,887.95**	**104,218.40**
Other income	23	437.03	1,135.87
Total income		**97,324.98**	**105,354.27**
Expenses			
Finance costs	24	51,801.92	51,430.77
Impairment on financial instruments	25	(4,013.46)	115,076.93
Employee benefit expenses	26	13,255.60	17,627.03
Depreciation and amortisation expenses	27	3,634.76	3,381.93
Other expenses	28	13,919.11	11,923.30
Total expenses		**78,597.93**	**199,439.96**
Profit/(loss) before tax		**18,727.05**	**(94,085.69)**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	-
3. Deferred tax expenses		-	(17,165.90)
Total tax expenses		**-**	**(17,165.90)**
Profit/(loss) after tax		**18,727.05**	**(76,919.79)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		119.17	55.66
- Income tax relating to items that will not be reclassified to profit or loss		(29.99)	(14.00)
		89.18	**41.66**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(16.72)	6.72
- Income tax relating to items that will be reclassified to profit or loss		4.20	(1.69)
		(12.52)	**5.03**
Other comprehensive income for the year, net of tax		**76.66**	**46.69**
Total comprehensive income for the year		**18,803.71**	**(76,873.10)**
Earnings per equity share	30		
Basic earnings per share (₹)		13.76	(62.06)
Diluted earnings per share (₹)		13.76	(62.06)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Statement of Cash Flows

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash Flow from Operating Activities		
Profit / (loss) before tax	18,727.05	(94,085.69)
Adjustments for:		
Interest income on financial assets	(88,947.05)	(95,574.81)
Finance costs	51,801.92	51,430.77
Depreciation and amortisation expense	3,634.76	3,381.93
Loss on sale of property plant and equipment	27.11	31.81
Impairment on financial instruments	(4,013.46)	115,076.93
Provision for employee benefits	186.20	193.09
Employee share based payment expense	(4,375.16)	1,955.84
Net gain on fair value changes	(2,511.40)	(2,310.14)
Net gain on derecognition of financial instruments measured at amortised cost category	(722.80)	(2,486.64)
	(26,192.83)	**(22,386.91)**
Interest income realised on financial assets	95,250.92	91,044.29
Finance costs paid	(56,293.31)	(56,183.85)
Cash generated from operating activities before working capital changes	**12,764.78**	**12,473.53**
Adjustments:		
(Increase)/Decrease in loans and advances	120,639.79	(137,882.93)
(Increase)/Decrease in other financial assets	(23,797.36)	3,476.25
(Increase)/Decrease in other non-financial assets	(289.09)	850.05
Increase/(Decrease) in trade payable	494.44	(159.22)
Increase/(Decrease) in other financial liabilities	(15,231.83)	6,047.01
Increase/(Decrease) in other non-financial liabilities	380.54	(37.26)
Cash (used in)/generated from operating activities	**94,961.27**	**(115,232.57)**
Taxes (paid) / refund	1,260.87	5,187.69
Net cash (used in)/generated operating activities (A)	**96,222.14**	**(110,044.88)**
B Cash flows from investing activities		
Purchase of property, plant and equipment	(462.29)	(2,225.72)
Sale of property, plant and equipment	14.01	9.70
Purchase of intangible assets	(1,621.25)	(1,154.78)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	18,524.45	(15,031.63)
(Acquisition)/redemption of investments measured at FVTPL (net)	(40,747.71)	100,108.25
(Acquisition)/redemption of investments measured at FVOCI (net)	(9,494.06)	12,672.72
(Acquisition)/redemption of investments measured at amortised cost (net)	10,479.23	25,273.03
Net cash (used in)/generated from investing activities (B)	**(23,307.62)**	**119,651.57**

Statement of Cash Flows

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C Cash Flow from financing activities		
Proceeds from issue of shares (including securities premium and net off share issue expenses)	-	639.00
Proceeds from bank borrowings	280,098.46	150,625.81
Repayments towards bank borrowings	(257,877.76)	(175,551.88)
Proceeds from issuance of Non-Convertible Debentures	90,000.00	74,590.00
Repayments towards Non-Convertible Debentures	(129,000.00)	(104,579.99)
Proceeds from Commercial Papers	30,000.00	62,211.77
Repayments towards Commercial Papers	(75,500.00)	(30,000.00)
Payment of lease liabilities	(1,314.75)	(1,373.90)
Dividend paid on Compulsorily Convertible Preference Shares	-	(5,849.32)
Net cash (used in)/generated from financing activities (C)	**(63,594.05)**	**(29,288.51)**
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**9,320.47**	**(19,681.82)**
Cash and Cash Equivalents at the beginning of the year	7,180.23	26,862.05
Cash and Cash Equivalents at the end of the year	**16,500.70**	**7,180.23**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	314.49	389.54
Balances with banks		
- in current accounts	11,682.07	6,786.64
Deposits with original maturity of less than three months	4,504.14	4.05
Total	**16,500.70**	**7,180.23**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each

	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 2023	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93

(b) Preference share capital of face value of ₹ 10/- each

Period end	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	-	-	-	-	-
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-

(c) 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 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**
Proceeds from issue of shares (net)	-	-	-	-	-	-	-	-
Transferred from Retained earnings	-	3,745.41	-	-	-	(3,745.41)	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	-	-	-
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**
(ii) Balance at 1 April 2021	291,370.27	25,905.39	0.43	5,375.17	1,971.29	29,698.99	(5.03)	354,316.51
Loss after tax for the year	-	-	-	-	-	(76,919.79)	-	(76,919.79)
Debt instruments through other comprehensive income	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	41.66	-	41.66
	-	**-**	**-**	**-**	**-**	**(76,878.13)**	**5.03**	**(76,873.10)**
Proceeds from issue of shares (net)	611.00	-	-	-	-	-	-	611.00
Transferred from Retained earnings	-	-	-	-	-	-	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share based payment expense	-	-	-	1,988.64	-	-	-	1,988.64
Transfer from ESOP reserves	226.36	-	-	(281.85)	55.49	-	-	-
Balance at 31 March 2022	**292,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	**-**	**274,193.73**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Sanjiv V. Pilgaonkar
Partner

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: 25 May 2023

Place: Mumbai
Date: 25 May 2023

Notes to the Financial Statements

for the year ended March 31, 2023

(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.

2 Basis of Preparation and Significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future. 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 Significant 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 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

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 profit or loss. The losses arising from impairment are recognised in the 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

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

- 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.

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:

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 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.

Notes to the Financial Statements

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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 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 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 do not exceed 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

Notes to the Financial Statements

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amount remains due for 91 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 more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(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

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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 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

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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 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

Notes to the Financial Statements

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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 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

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appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

(b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) 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

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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 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

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the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/ losses are immediately taken to Statement of profit and loss account and are not deferred.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

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.

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n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

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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 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.

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.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

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a) Ind AS 1 - Presentation of Financial Statements- This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

c) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement

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Note 3

Particulars	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents		
Cash on hand	314.49	389.54
Balances with banks		
- in current accounts	11,682.07	6,786.64
Deposits with original maturity of less than three months	4,504.14	4.05
	16,500.70	**7,180.23**

Note 4

Particulars	As at 31 March 2023	As at 31 March 2022
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	21.50	985.01
Earmarked deposits with banks	20,322.00	37,882.94
	20,343.50	**38,867.95**

Note 5

Particulars	As at 31 March 2023	As at 31 March 2022
Loans		
At amortised cost		
Business Loans		
Corporate lending	123,176.21	156,847.87
Small and medium enterprises lending (SME)	108,044.88	153,484.44
Commercial vehicle lending	340,293.96	448,398.97
Other loans	2,214.37	2,024.13
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net	**519,561.53**	**649,096.68**
(a) Secured by tangible assets	555,087.38	718,173.66
(b) Unsecured	18,642.04	42,581.75
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net	**519,561.53**	**649,096.68**
Loans in India		
(a) Public sector	-	-
(b) Others	573,729.42	760,755.41
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net (a)	**519,561.53**	**649,096.68**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**519,561.53**	**649,096.68**

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.*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments as at 31 March 2023					
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**

(net of amount written off ₹ 58,728.33 lakhs)*

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.*

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments as at 31 March 2022					
Mutual funds	-	-	29,403.01	-	29,403.01
Security Receipts*	41,280.54	-	-	-	41,280.54
Treasury Bills	-	-	-	-	-
Subsidiaries	-	-	-	45,246.51	45,246.51
Total - Gross	**41,280.54**	**-**	**29,403.01**	**45,246.51**	**115,930.06**
Investments in India	41,280.54	-	29,403.01	45,246.51	115,930.06
Investments outside India	-	-	-	-	-
Total - Gross	**41,280.54**	**-**	**29,403.01**	**45,246.51**	**115,930.06**
Less: Impairment loss allowance	(18,216.64)	-	-	-	(18,216.64)
Total - Net	**23,063.90**	**-**	**29,403.01**	**45,246.51**	**97,713.42**

*(*net of amount written off ₹ 17,609.05 lakhs)*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,245.51	100%
Total	**45,246.51**	

** includes cross charge of ₹ 245.51 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Note 7

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial assets		
Security deposit	2,576.07	4,494.52
Assignment receivables	2,404.35	2,430.82
Deposits with Trustee for securitisation*	24,390.88	-
Other receivables	4,346.08	2,297.07
	33,717.38	**9,222.41**
Less: Impairment loss allowance	(297.82)	(265.98)
	33,419.56	**8,956.43**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Note 8

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax assets (net)		
Advance tax (net of provision)	5,376.00	6,636.87
	5,376.00	**6,636.87**

Note 9

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	20,366.64	32,731.69
Provision for gratuity	90.00	113.66
Provision for compensated absences	26.99	32.79
Debt instruments through OCI	4.20	-
Lease liabilities	57.95	43.37
Income amortisation	(124.62)	128.27
Other items of disallowance	121.29	581.14
Depreciation on PPE and intangible assets	825.88	682.80
Carried forward book losses	19,575.18	6,005.75
Total (A)	**40,943.51**	**40,319.47**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(605.13)	(611.79)
Borrowing cost amortisation	(1,139.66)	(483.17)
Total (B)	**(9,299.89)**	**(8,650.06)**
Net deferred tax asset (A-B) (also refer Note 29)	**31,643.62**	**31,669.41**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment							
Cost as at 1 April 2021	**15.05**	**760.33**	**4,687.00**	**624.99**	**2,401.20**	**4,390.21**	**12,878.78**
Additions	-	52.89	913.53	89.80	1,169.50	2,704.12	4,929.84
Disposals	-	(0.28)	(280.08)	(1.88)	(22.35)	(1,208.41)	(1,513.00)
Cost as at 31 March 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**
Accumulated depreciation as at 1 April 2021	-	324.45	2,815.37	327.67	1,716.43	1,773.96	6,957.88
Depreciation for the year	-	189.95	999.85	131.54	499.02	1,162.09	2,982.45
Disposals	-	(0.22)	(214.34)	(1.52)	(21.37)	(345.32)	(582.77)
Accumulated depreciation as at 31 March 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**
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**
Net carrying amount as at 31 March 2022	**15.05**	**298.76**	**1,719.57**	**255.22**	**1,354.27**	**3,295.19**	**6,938.06**

** Mortgaged as security against Secured Non-convertible Debentures*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2023	As at 31 March 2022
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 2021	30,018.69
Acquisition of business	-
Cost as at 31 March 2022	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Accumulated impairment as at 1 April 2021	-
Addition	-
Accumulated impairment as at 31 March 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Net carrying amount as at 31 March 2023 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2022	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2023. 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) Intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 2021	**1,001.65**	**1,001.65**
Additions	1,154.78	1,154.78
Disposals	-	-
Cost as at 31 March 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**
Accumulated amortisation as at 1 April 2021	653.20	653.20
Amortisation recognised for the year	399.48	399.48
Disposals	-	-
Accumulated amortisation as at 31 March 2022	**1,052.68**	**1,052.68**
Amortisation recognised for the year	690.23	690.23
Disposals	-	-
Accumulated amortisation as at 31 March 2023 (B)	**1,742.91**	**1,742.91**
Net carrying amount as at 31 March 2023 (A)-(B)	**2,034.77**	**2,034.77**
Net carrying amount as at 31 March 2022	**1,103.75**	**1,103.75**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2023	As at 31 March 2022
Other non-financial assets		
Prepaid expenses	1,269.22	1,121.28
Advances recoverable in cash or in kind or for value to be received	1,965.27	1,824.12
	3,234.49	**2,945.40**

Note 14

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Dues to Micro, small and medium enterprises	7.62	30.15
Dues to Others	727.63	238.88
	735.25	**269.03**

Footnote: Also refer Note 36

Note 15

Particulars	As at 31 March 2023	As at 31 March 2022
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	110,886.95	153,269.65
Commercial paper (net of unamortised discount) (Refer note (b) below)	-	44,523.97
	110,886.95	**197,793.62**
Debt securities in India	110,886.95	197,793.62
Debt securities outside India	-	-
Total	**110,886.95**	**197,793.62**
Secured	110,886.95	95,769.65
Unsecured	-	102,023.97
Total	**110,886.95**	**197,793.62**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.78% <= 11.40%	>= 6.77% <= 11.40%
	Amount	Amount
24-36 Months	-	2,495.61
12-24 Months	78,876.60	36,704.48
0-12 Months	32,010.35	114,069.56
Total	**110,886.95**	**153,269.65**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 ₹ 459,596 lakhs (March 2022: ₹ 96,932 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 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	-	>=6.30% <= 7.00%
	Amount	Amount
0-12 Months	-	44,523.97
Total	**-**	**44,523.97**

Note 16

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	208,043.70	191,966.39
Term loans from Financial Institutions (Refer note (a) below)*	25,023.11	35,957.50
Loans repayable on demand		
Working capital demand loans from banks **	25,784.06	25,600.00
Bank overdrafts **	-	1,363.40
Other borrowings (including Inter Corporate Deposits)	111,570.57	95,617.53
Total	**370,421.44**	**350,504.82**
Borrowings in India	370,421.44	350,504.82
Borrowings outside India	-	-
Total	**370,421.44**	**350,504.82**
Secured borrowings	299,977.23	349,386.71
Unsecured borrowings	70,444.21	1,118.11
Total	**370,421.44**	**350,504.82**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>=8% <= 11.50%	>=7.25% <= 11.00%
	Amount	Amount
48-60 Months	99.45	-
36-48 Months	8,354.12	10,647.81
24-36 Months	21,477.39	33,609.28
12-24 Months	114,033.00	82,888.78
0-12 Months	89,102.85	100,778.02
Total	**233,066.81**	**227,923.89**

** 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)

(b) Working capital demand loans:

Terms of repayment (based on contractual maturity)

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 9.10% <= 12.51%	>= 6.75% <= 7.60%
	Amount	Amount
0-12 Months	25,784.06	25,600.00
Total	**25,784.06**	**25,600.00**

 # 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 2023	As at 31 March 2022
Other financial liabilities		
Book overdraft	1,095.91	14,326.14
Employee benefits payable	2,282.94	908.58
Unamortised lease liabilities	2,749.03	3,467.38
Others	22,083.23	26,172.57
	28,211.11	**44,874.67**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 18

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
Provision for employee benefits:		
- Gratuity	357.60	451.61
- Compensated absences	107.26	130.30
Others:		
- Expected credit loss on undrawn loan commitments	0.80	30.12
	465.66	**612.03**

Note 19

Particulars	As at 31 March 2023	As at 31 March 2022
Non-financial liabilities		
Statutory dues payable	951.60	571.06
	951.60	**571.06**

Footnote : The Statutory Dues includes contribution to Provident Fund of Rs. 134,907/- which the Company is unable to pay to the regulatory authority as the respective employee have not enabled the Company to make the payment by linking their Provident Fund Identifcation number to their Aadhar number issued by the UIDAI.

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	152,500,000	15,250.00	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 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	136,079,295	13,607.93	123,730,329	12,373.03
Add: Shares issued during the year	-	-	12,348,966	1,234.90
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 2023		As at 31 March 2022	
		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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(d) Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		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	41,467,583	30.47%	41,467,583	30.47%

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

(ii) As at 31 March 2023, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(iii) As on date of approval of these financial statements, the Company has complied with Regulation 38 of SEBI (LODR) regulations.

(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) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	12,068,966	1,206.90
Add: Shares issued during the year	-	-	-	-
Less: Shares converted into equity	-	-	12,068,966	1,206.90
Shares outstanding at the end of the year	-	-	-	-

Footnote: During the year ended 31 March 2022, 1,20,68,966 Equity Shares were allotted to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

(g) 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 Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(h) 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 2023			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	41,467,583	30.47%	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	4.14%
Indostar Capital (Mauritius)	41,467,583	30.47%	(8.00%)

(i) CCPS 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 2023			
BCP V Multiple Holdings Pte. Ltd.	-	-	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)

Note 21

Particulars	As at 31 March 2023	As at 31 March 2022
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	29,650.80	25,905.39
Securities premium	292,207.63	292,207.63
Share options outstanding account	2,074.82	7,081.96
General reserve	2,683.84	2,026.78
Retained earnings	(37,957.64)	(53,028.46)
Debt instruments through other comprehensive income	(12.52)	-
	288,647.36	**274,193.73**

21.1 Other equity movement

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve		
Opening Balance	0.43	0.43
Add: Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add: Transferred from surplus	3,745.41	-
Closing Balance	**29,650.80**	**25,905.39**
Securities premium		
Opening Balance	292,207.63	291,370.27
Add: Transfer from ESOP reserves	-	226.36
Add: Premium collected on share allotment	-	611.00
Closing Balance	**292,207.63**	**292,207.63**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Share options outstanding account		
Opening Balance	7,081.96	5,375.17
Movement during the year	(5,007.14)	1,706.79
Closing Balance	**2,074.82**	**7,081.96**
General reserve		
Opening Balance	2,026.78	1,971.29
Movement during the year	657.06	55.49
Closing Balance	**2,683.84**	**2,026.78**
Retained earnings		
Opening Balance	(53,028.46)	29,698.99
Add: Remeasurement of defined benefit obligations	89.18	41.66
Add: Transferred from the statement of profit and loss	18,727.05	(76,919.79)
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(3,745.41)	-
Less: Payment of dividend on CCPS	-	(5,849.32)
Closing Balance	**(37,957.64)**	**(53,028.46)**
Other Comprehensive Income		
Opening balance	-	(5.03)
Add: Debt instruments through other comprehensive income	(12.52)	5.03
Closing balance	**(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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	86,393.11	93,823.06
Interest on investments		
- Debt instruments	159.71	-
Interest on deposits		
- Deposits with banks	1,449.67	1,188.02
- Deposits with Trustees	666.93	-
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	277.63	563.73
	88,947.05	**95,574.81**
Fees and commission income		
- Syndication, advisory & other fees	4,706.70	3,846.81
	4,706.70	**3,846.81**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,511.40	2,374.08
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	(63.94)
Total fair value changes	**2,511.40**	**2,310.14**
Fair value changes:		
- Realised	2,346.07	2,305.66
- Unrealised	165.33	4.48
Total fair value changes	**2,511.40**	**2,310.14**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	-	2,196.16
- Assignment Income	722.80	290.48
	722.80	**2,486.64**
Total	**96,887.95**	**104,218.40**

Note 23

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other income		
Miscellaneous income	93.39	156.63
Interest on income tax refund	343.64	979.24
	437.03	**1,135.87**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	29,255.14	24,622.33
Other borrowings (including Inter Corporate Deposits)	12,296.72	8,923.22
Interest expense on debt securities		
Debentures	7,083.30	16,228.69
Commercial paper	1,797.36	920.27
Other interest expense		
Bank charges & other related costs	1,369.40	736.26
	51,801.92	**51,430.77**

Note 25

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(51,130.84)	56,181.20
Financial assets written off (net of recovery)	48,012.33	57,763.70
Impairment on others		
Undrawn loan commitments	(29.32)	(96.39)
Provision on co-lending arrangements	(897.47)	1,351.25
Others	31.84	(122.83)
	(4,013.46)	**115,076.93**

Note 26

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits Expenses		
Salaries, other allowances and bonus	16,970.39	15,109.41
Gratuity expenses	171.52	163.24
Compensated absences	14.68	29.85
Contribution to provident and other funds	667.76	631.87
Staff welfare expenses	133.98	109.78
Share based payment expense	(4,375.16)	1,955.84
Employee shared service costs recovered	(327.57)	(372.96)
	13,255.60	**17,627.03**

Footnote : During the quarter ended 31 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 Rs 4,421.94 lakh for the year ended 31 March 2023.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 27

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,944.53	2,982.45
Amortisation of intangible assets	690.23	399.48
	3,634.76	**3,381.93**

Note 28

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other Expenses		
Rent	1,009.97	805.84
Rates & taxes	0.94	120.04
Printing and stationery	105.08	184.83
Travelling & conveyance	1,012.60	716.97
Advertisement	68.93	64.39
Business Promotion	11.55	14.05
Commission & brokerage	10.80	16.04
Office expenses	1,944.28	1,496.93
Directors' fees & commission	40.54	58.97
Insurance	528.16	441.05
Communication expenses	513.77	527.45
Payment to auditors (note below)	388.63	305.84
CSR expenses (note below)	-	81.01
IT Support charges	2,101.73	2,178.08
Legal & professional charges	7,688.70	5,261.92
Loss on sale of property plant and equipment	27.11	31.81
Membership & subscriptions	96.62	102.35
Other shared service costs recovered	(1,655.55)	(651.41)
Other fees and commission	25.25	167.14
	13,919.11	**11,923.30**
Payment to auditor includes:		
a) Statutory Audit	341.01	293.00
b) Tax Audit	-	3.00
c) Certifications	8.50	5.10
d) Others	39.12	4.74
Total	**388.63**	**305.84**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	-
b) Amount of expenditure incurred	-	81.01
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	-	Education, Women empowerment
g) Details of related party transactions	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(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 2023	For the year ended 31 March 2022
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	(17,165.90)
	-	**(17,165.90)**
Tax expense for the year	-	**(17,165.90)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	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	119.17	(29.99)	89.18	55.66	(14.00)	41.66
- Debt instruments through other comprehensive income	(16.72)	4.20	(12.52)	6.72	(1.69)	5.03
	102.45	**(25.79)**	**76.66**	**62.38**	**(15.69)**	**46.69**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(loss) before tax	**18,727.05**	**(94,085.69)**
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	4,713.22	(23,679.49)
Difference in tax rate due to:		
- Effect of non-deductible expenses	23.28	925.75
- Effect of change in tax rate (refer footnote below)	-	-
- Tax expense of earlier years	-	-
- Others	(4,736.50)	5,587.84
Total tax expense	-	**(17,165.90)**
Effective tax rate	-	**18.24%**
Current tax	-	-
Tax of earlier years	-	-
Deferred tax	-	(17,165.90)
	-	**(17,165.90)**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(d) 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**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,066.92	17,664.77	-	32,731.69
Provision for gratuity	114.08	13.58	(14.00)	113.66
Provision for leave encashment	29.71	3.08	-	32.79
Debt instruments through OCI	1.69	-	(1.69)	-
Income amortisation	354.78	(226.51)	-	128.27
Depreciation on PPE and intangible assets	515.38	167.42	-	682.80
Lease liabilities	38.98	4.39	-	43.37
Carried forward losses	7,427.23	(1,421.48)	-	6,005.75
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(677.38)	65.59	-	(611.79)
Borrowing cost amortisation	(797.09)	313.92	-	(483.17)
Deferred tax assets / (Liabilities)	**14,519.20**	**17,165.90**	**(15.69)**	**31,669.41**

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 ₹ 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

Notes to the Financial Statements

for the year ended March 31, 2023

(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 2023	For the year ended 31 March 2022
i. Profit attributable to equity holders (A)		
Profit/(loss) for the year	18,727.05	(76,919.79)
Less: Dividend on compulsorily convertible preference shares (CCPS)	-	(2,557.08)
Profit/(loss) attributable to equity holders for basic and diluted EPS	**18,727.05**	**(79,476.87)**
ii. Weighted average number of equity shares for calculating Basic EPS (B)	136,079,295	128,064,878
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	136,079,428	128,064,878
iv. Basic earnings per share (₹) (A/B)	13.76	(62.06)
v. Diluted earnings per share (₹) (A/C)	13.76	(62.06)

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 current 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 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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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.

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 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 as per Model.*

Notes to the Financial Statements

for the year ended March 31, 2023

(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 2022							
	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	29,403.01	-	-	29,403.01	29,403.01	-	-	29,403.01
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
(c) Treasury Bills	-	-	-	-	-	-	-	-
Total	**29,403.01**	**-**	**23,063.90**	**52,466.91**	**29,403.01**	**-**	**23,063.90**	**52,466.91**

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	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452**
New assets originated or purchased	-	-	12,070.00	12,070.00	-	-	41,905.00	41,905.00
Assets derecognised or repaid (excluding write offs)	-	-	(10,479.23)	(10,479.23)	-	-	(23,076.87)	(23,076.87)
Gross carrying amount closing balance	**-**	**-**	**42,871.31**	**42,871.31**	**-**	**-**	**41,280.54**	**41,280.54**

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	18,216.64	18,216.64	-	-	3,683.50	3,683.50
Incremental provisions	-	-	6,360.00	6,360.00	-	-	14,533.14	14,533.14
Impairment loss allowance - closing balance	**-**	**-**	**24,576.64**	**24,576.64**	**-**	**-**	**18,216.64**	**18,216.64**

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 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**

Particulars	As at 31 March 2022							
	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	-	-	649,096.68	649,096.68	-	-	649,096.68	649,096.68
Total	**-**	**-**	**649,096.68**	**649,096.68**	**-**	**-**	**649,096.68**	**649,096.68**

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 and SME

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 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Notes to the Financial Statements

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Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 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 91 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 more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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:

- Gross national saving
- WPI (Wholesale price index)

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	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	**471,747.78**	**170,915.70**	**118,091.93**	**760,755.41**	**519,657.58**	**185,611.90**	**32,486.91**	**737,756.39**
New assets originated or purchased	145,430.17	5,057.35	2,402.59	152,890.11	265,517.66	45,218.59	65,901.08	376,637.33
Assets derecognised or repaid (excluding write offs)	(198,066.54)	(38,867.37)	(42,899.86)	(279,833.77)	(142,760.23)	(67,497.13)	(48,965.25)	(259,222.61)
Transfers to stage 1	46,463.08	(37,153.75)	(9,309.33)	-	5,300.36	(5,001.58)	(298.78)	-
Transfers to stage 2	(43,252.36)	48,670.87	(5,418.51)	-	(98,365.44)	98,417.37	(51.93)	-
Transfers to stage 3	(12,016.13)	(9,809.96)	21,826.09	-	(71,513.48)	(40,619.22)	112,132.70	-
Amounts written off (net of recovery)	-	(17,484.99)	(30,527.34)	(48,012.33)	(6,088.67)	(12,677.08)	(33,744.95)	(52,510.70)
Presented under Investment as Security Receipts*	-	(4,128.44)	(7,941.56)	(12,070.00)	-	(32,537.15)	(9,367.85)	(41,905.00)
Gross carrying amount closing 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**

** 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.

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for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Reconciliation of Impairment loss allowance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**8,773.28**	**35,328.51**	**67,556.94**	**111,658.73**	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**
New assets originated or purchased	5,849.81	198.57	1,114.79	7,163.17	4,316.49	10,124.09	35,115.17	49,555.75
Assets derecognised or repaid (excluding write offs)	(6,704.11)	(10,742.41)	(25,490.81)	(42,937.33)	(21,596.82)	(5,546.86)	285.09	(26,858.59)
Transfers to stage 1	10,086.52	(4,851.97)	(5,234.55)	-	843.28	(718.93)	(124.35)	-
Transfers to stage 2	(1,103.15)	4,114.05	(3,010.90)	-	(1,742.35)	1,780.39	(38.04)	-
Transfers to stage 3	(1,972.07)	(1,385.26)	3,357.33	-	(951.62)	(5,190.99)	6,142.61	-
Impact on year end ECL of exposures transferred between stages during the year	(3,945.10)	2,508.11	9,976.74	8,539.75	44.83	19,507.13	21,085.33	40,637.29
Amounts written off (net of recovery)	(64.73)	(7,435.21)	(22,756.49)	(30,256.43)	(308.37)	(6,694.15)	(13,183.88)	(20,186.40)
Impairment loss allowance - closing 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**

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 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**

Footnote:

Notes:

- *The above inflows and outflows is based on scheduled maturity of the financial instruments.*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

- *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, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹ 60,321.50 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 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	269.03	-	-	-	269.03
Debt securities	67,534.81	91,058.72	39,200.09	-	197,793.62
Borrowings (other than debt securities)	47,231.97	107,303.50	164,747.78	31,221.57	350,504.82
Other financial liabilities	41,687.86	690.52	1,983.56	512.73	44,874.67
Total	**156,723.67**	**199,052.74**	**205,931.43**	**31,734.30**	**593,442.14**

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.

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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR – Tier I capital (%)	31.5%	25.8%
CRAR – Tier II capital (%)	0.0%	0.0%
CRAR (%)	**31.5%**	**25.8%**

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

Karthikeyan Srinivasan - CEO (from 14 February 2023); Whole time director (from 30 March 2023)

Deep Jaggi - CEO (upto 14 February 2023)

R. Sridhar - Vice-Chairman; (upto 17 April 2022)

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 2023	For the year ended 31 March 2022
Conversion of CCPS held by Holding Company to Equity shares of the Company	-	1,206.90
Dividend paid on CCPS to Holding Company	-	5,849.32
Upfront Fees Paid	4,018.68	-

c) Transactions with key management personnel:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term employee benefits	209.11	305.57
Sitting fees to Non-Executive Independent Directors	40.54	58.97
Reimbursement of expenses	0.37	9.00

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

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

d) Transactions other than those with key management personnel:

Particulars		Subsidiary Companies
Recovery of expenses	2023	2,007.29
	2022	1,140.67
Investment in subsidiary	2023	-
	2022*	25,000.00
Loan given to subsidiary	2023	9,000.00
	2022	37,500.00
Loan (repaid) to subsidiary	2023	(9,000.00)
	2022	(75,500.00)
Interest income on loan to subsidiary	2023	299.52
	2022	2,410.16

** Conversion of loan into Equity shares of subsidiary during the year ended 31 March 2022*

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

Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel*
Investment in subsidiary	2023	-	45,271.60	-
	2022	-	45,246.51	-
Reimbursement of expenses	2023	1,351.37	2,329.98	-
	2022	-	1,197.51	-
Loans outstanding	2023	-	-	2,500.00
	2022	-	-	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 2023	For the year ended 31 March 2022
Type of Services or service		
Syndication, advisory & other fees	4,706.70	3,846.81
Total revenue from contracts with customers	**4,706.70**	**3,846.81**
Geographical markets		
India	4,706.70	3,846.81
Outside India	-	-
Total revenue from contracts with customers	**4,706.70**	**3,846.81**
Timing of revenue recognition		
Services transferred at a point in time	4,706.70	3,846.81
Services transferred over time	-	-
Total revenue from contracts with customers	**4,706.70**	**3,846.81**

Note 34

Contingent liabilities and Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities:		
Corporate guarantee given by Company to banks	2,875.00	4,125.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	291.55	102.21
Loans sanctioned not yet disbursed	43,254.53	21,751.49

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 35

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,467.38	2,771.14
Add: Adjustments/additions during the year	1,010.62	2,659.71
Add: Interest on lease liability	306.33	311.00
Less: Deletions	(720.55)	(900.57)
Less: Lease rental payments	(1,314.75)	(1,373.90)
	2,749.03	**3,467.38**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	785.94	1,250.51
Later than one year but not later than five years	2,141.91	2,562.85
Later than five years	604.93	652.50
	3,532.78	**4,465.86**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability		
Less than 12 months	545.84	971.09
More than 12 months	2,203.19	2,496.29
	2,749.03	**3,467.38**

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 2023	As at 31 March 2022
a. Principal and interest amount remaining unpaid	7.62	30.15
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	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 at 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	-	-	-	-	-

As at 31 March 2022

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	26.78	3.37	-	-	30.15
(ii) Others	176.29	16.59	-	46.00	238.88
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

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 2023	As at 31 March 2022
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	361.96	455.70
Fair value of plan assets as at the end of the year	4.36	4.09
Net (asset) / liability to be recognized in the balance sheet	**357.60**	**451.61**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	455.70	457.11
Current service cost	146.28	138.87
Past service cost	-	-
Interest cost	30.32	27.89
Benefits paid	(146.37)	(109.24)
Actuarial (gain) / loss on obligation	(123.97)	(58.93)
Projected benefit obligation at the end of the year	**361.96**	**455.70**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.09	3.84
Return on plan assets	5.07	3.52
Actuarial gain/(loss)	(4.80)	(3.27)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.36**	**4.09**
D. Amount recognised in the statement of profit and loss		
Current service cost	146.28	138.87
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	25.24	24.37
Expenses recognised in the statement of profit and loss	**171.52**	**163.24**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(3.61)	(24.78)
- change in demographic assumption	(60.92)	-
- experience variation	(59.44)	(34.15)
Return on plan assets, excluding amount recognised in net interest expense	4.80	3.27
	(119.17)	**(55.66)**
F. Assumptions used		
Discount rate	7.30%	6.95%
Salary growth rate	6.00%	6.00%
Withdrawal rate	50% at younger ages reducing to 10% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	356.94	367.14	436.64	476.20
Salary growth rate (0.5% movement)	367.20	357.07	474.31	438.06
Withdrawal rate (10% movement)	355.80	368.55	454.73	456.42

H. Other information:

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is ₹ 88.61 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.07 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

Notes to the Financial Statements

for the year ended March 31, 2023

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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 2023, 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 2023, 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.

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 Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

II. 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 (₹)	-	-	-	-	-

III. Option Movement during the year ended March 2022

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	10,700	512,500	378,000	1,729,500	3,023,000
Options Granted during the year	25,000	1,453,000	-	-	250,000
Options Forfeited / Lapsed during the year	-	205,000	-	10,000	245,500
Options Exercised during the year	-	250,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	250,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of options Outstanding at the end of the year	35,700	1,510,500	348,000	1,719,500	3,027,500
Number of Options exercisable at the end of the year	7,700	158,900	303,600	174,600	404,200
Weighted average market price of options exercised for the year ended 31 March 2022 (₹)	-	300.12	309.57	-	-

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)	149.37 - 437.00	139.00 - 437.00	255.00 - 328.00	437.00	288.20 - 437.00
No. of Options Outstanding as on 31 March 2023	35,700	1,913,000	146,500	230,000	398,500
Contractual Life (in years)	4.75	3.76	1.57	2.79	3.18

Notes to the Financial Statements

for the year ended March 31, 2023

(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:

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	NA	6.25%	NA	NA	NA
2. Expected Life(in years)	NA	3.95	NA	NA	NA
3. Expected Volatility	NA	40.68%	NA	NA	NA
4. Dividend Yield	NA	0.0%	NA	NA	NA
5. Exercise Price	NA	141.67	NA	NA	NA
6. Price of the underlying share in market at the time of the option grant.(₹)	NA	141.48	NA	NA	NA

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	As at 31 March 2023	As at 31 March 2022
Employee share based expense	(4,375.16)	1,955.84
Total ESOP reserve outstanding	2,074.82	7,081.96

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 on 31 March 2023			As on 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	16,500.70	-	16,500.70	7,180.23	-	7,180.23
Bank balances other than cash and cash equivalents	4	21.50	20,322.00	20,343.50	985.01	37,882.94	38,867.95
Loans	5	169,778.20	349,783.33	519,561.53	137,947.07	511,149.61	649,096.68
Investments	6	82,139.46	63,566.27	145,705.73	29,403.01	68,310.41	97,713.42
Other financial assets	7	4,346.08	29,073.48	33,419.56	2,297.07	6,659.36	8,956.43
Non-financial assets							
Current tax assets (net)	8	-	5,376.00	5,376.00	-	6,636.87	6,636.87
Deferred tax assets (net)	9	-	31,643.62	31,643.62	-	31,669.41	31,669.41
Property, plant and equipment	10	-	4,788.71	4,788.71	-	6,938.06	6,938.06
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
Intangible assets	12	-	2,034.77	2,034.77	-	1,103.75	1,103.75
Other non-financial assets	13	2,813.23	421.26	3,234.49	2,945.40	-	2,945.40
TOTAL ASSETS		**275,599.17**	**538,328.13**	**813,927.30**	**182,057.79**	**700,369.10**	**882,426.89**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As on 31 March 2023			As on 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	735.25	-	735.25	269.03	-	269.03
Debt securities	15	32,010.36	78,876.59	110,886.95	158,593.53	39,200.09	197,793.62
Borrowings (other than debt securities)	16	156,955.87	213,465.57	370,421.44	154,535.46	195,969.36	350,504.82
Other financial liabilities	17	25,507.93	2,703.18	28,211.11	42,378.38	2,496.29	44,874.67
Non-financial liabilities							
Provisions	18	128.08	337.58	465.66	192.74	419.29	612.03
Other non-financial liabilities	19	951.60	-	951.60	571.06	-	571.06
TOTAL LIABILITIES		**216,289.09**	**295,382.92**	**511,672.01**	**356,540.20**	**238,085.03**	**594,625.23**

** also refer note 31(G)*

Note 41 - Other notes

Note 41.1

As indicated in the prior reporting periods, the Company engaged a leading professional services firm to assist it in undertaking a review of its loan portfolio. The final findings of this review were submitted to the Audit Committee on August 5, 2022. The Company made incremental ECL provisions based, among others, on the findings of this review in its financial statements for the financial year ended March 31, 2022. (also refer note 41.2 to the financial statements).

The Company subsequently engaged a leading law firm, to carry out a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Companies Act, 2013.

Note 41.2

In the financial statements for the year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during this period. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 41.1), no incremental provisioning is considered necessary during the year ended 31 March 2023.

Although the possibility that the control deficiencies that were identified could potentially have had an impact on the financial statements for periods ending prior to 1 April, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss on account of the following:

(i) impairment allowance on loan assets and investment in security receipts;

(ii) loan assets written off; and

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(iii) changes in fair value of financial guarantee contracts

when it finalised its financial statements for the year ended 31 March 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended 31 March 2023 may not be strictly comparable with the figures for the year ended 31 March 2022.

Note 41.3 - Going Concern

As at 31 March 2023, the Company has equity which is significantly in excess of the minimum Capital Risk Adequacy Ratio (CRAR) that has been stipulated by the Reserve Bank of Indian (RBI) (including the proportion of Tier I Capital). Its liquid assets as of that date are also significantly in excess of the minimum stipulated by the RBI. Based on the Company's forecast of cashflows over the twelve months following 31 March 2023, the available liquid assets and the expected cash inflows would be sufficient to meet its liabilities even under a stressed scenario. Additionally, during the year ended 31 March 2023 and till the adoption of these financial statements, the Company has been successful in raising additional debt of ₹ 4,58,698.46 lakhs from banks and financial institutions and through securitisation (including ₹ 25,500.00 lakh subsequent to the balance sheet date). In view of the above, the Management has concluded that no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist as on the date of the balance sheet.

Note 41.4

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 approximately 32) aggregating ₹ Nil (previous year ₹ 21,461.69 lakhs) used for refinancing loans of the customers.

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 41.5

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 Benami Transactions (Prohibition) 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.

Notes to the Financial Statements

for the year ended March 31, 2023

(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	437.35	1,353.90	2,879.12	19,769.29	14,884.61	36,158.99	39,403.65	135,510.39	8,453.57	-
Market borrowings	-	-	-	9,189.02	13,061.67	13,758.96	38,069.66	122,221.25	3,856.47	22,300.49
Assets:										
Loans & advances (gross)	6,326.22	2,162.81	9,975.81	14,731.69	16,489.99	45,106.01	92,686.23	242,020.26	45,942.67	98,287.73
Investments	82,139.46	-	-	-	-	-	-	-	18,294.67	45,271.60

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, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 60,321.50 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 ₹ 13,500.00 lakhs

- Cash & Cash Equivalents (refer note 3)	16,500.70
- Bank balances other than cash and cash equivalents (refer note 4)	20,343.50
Total	**36,844.20**

Note 43 Exposure to real estate sector

Category	As at 31 March 2023	As at 31 March 2022
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)	78,619.90	111,973.95
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;	155,425.59	157,337.55
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)	50,474.53	49,370.51

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for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 44- Exposure to capital market

Category	As at 31 March 2023	As at 31 March 2022
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, 2016

I Break up of 'Provisions and Contingencies' shown under the head Expenditure in statement of profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1 Provisions for depreciation on Investment	6,360.00	14,533.14
2 Provision towards NPA#	(42,043.89)	49,281.93
3 Provision made towards Income tax	-	-
4 Other Provision and Contingencies	(894.95)	1,132.03
5 Provision for Standard Assets and other receivable*	(15,446.95)	(7,633.87)

 # 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 March 31, 2023

(Currency : Indian Rupees in Lakhs)

II Concentration of Advances

	Particulars	As at 31 March 2023	As at 31 March 2022
1	Total Advances to twenty largest borrowers	128,625.09	165,504.12
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	22.4%	21.8%

III Concentration of Exposures

	Particulars	As at 31 March 2023	As at 31 March 2022
1	Total Exposure to twenty largest borrowers /customers	171,733.50	184,097.53
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	27.8%	23.5%

IV Concentration of NPAs

	Particulars	As at 31 March 2023	As at 31 March 2022
1	Total Exposure to top four NPA accounts	2,369.23	6,882.17

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

	Particulars	As at 31 March 2023	As at 31 March 2022
1	Agriculture and allied activities	4.57%	3.48%
2	MSME	14.37%	4.71%
3	Corporate borrowers	-	13.56%
4	Services	6.42%	15.42%
5	Unsecured personal loans	-	-
6	Auto loans	5.38%	29.12%
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 2023	As at 31 March 2022
Net NPAs to Net Advances (%)	3.78%	7.29%
Movement of NPAs (Gross)		
Opening balance	118,091.93	32,486.91
Additions during the year/period	24,228.68	178,033.78
Reductions during the year/period	(96,096.60)	(92,428.76)
Closing balance	46,224.01	118,091.93
Movement of Net NPAs		
Opening balance	50,534.98	14,211.90
Additions during the year/period	9,779.83	115,690.67
Reductions during the year/period	(39,603.85)	(79,367.58)
Closing balance	20,710.96	50,534.98

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	67,556.94	18,275.01
Provisions made during the year/period	14,448.86	62,343.11
Write-off / write-back of excess provisions	(56,492.75)	(13,061.18)
Closing balance	25,513.05	67,556.94

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

VII Details of assignment transactions undertaken during the period:

(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 2023	For the year ended 31 March 2022
1	No. of accounts	108.00	-
2	Aggregate value (net of provisions) of accounts assigned	9,838.25	-
3	Aggregate consideration	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 period:

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	No. of accounts	8,295	11,704
2	Aggregate value (net of provisions) of accounts assigned	37,239.00	42,800.00
3	Aggregate consideration	37,239.00	49,300.00
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	4,820	3,475
2	Aggregate principal outstanding of loans transferred	48,195	26,141
3	Weighted average residual tenor of the loans transferred (in months)	31	24
4	Net book value of loans transferred (at the time of transfer)	23,276	13,963
5	Aggregate consideration	23,276	13,963
6	Additional consideration realised in respect of accounts transferred in earlier years	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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	-	4,588.98
2	Aggregate consideration paid	-	4,588.98
3	Weighted average residual tenor of loans acquired (in months)	-	39

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 2023
1	No. of accounts	2,052.00
2	Aggregate value of accounts acquired ₹ in Lakhs	5,927.65
3	Weighted average maturity (months)	49.94
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 2023
1	No. of accounts	108
2	Aggregate value (net of provisions) of accounts assigned ₹ in Lakhs	9,838.25
3	Aggregate consideration	9,838.25
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)	13.41
7	Weighted average holding period (months)	13.00
8	Retention of beneficial economic interest	10.00%

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		As at 31 March 2023	As at 31 March 2022
1	No of SPVs sponsored by the NBFC for securitisation transactions	5.00	4.00
2	Total amount of securitised assets as per books of the SPVs sponsored	91,032.17	53,875.59
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	30,461.72	8,537.10
	(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	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

	Particulars	As at 31 March 2023	As at 31 March 2022
	b) Exposure to third party securitisations	-	-
	(II) On-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitisations	931.83	931.83
	b) Exposure to third party securitisations	-	-
5	Sale Consideration received for the securitised assets and gain/ loss on sale on account of securitisation		
	a) Sale Consideration received	148,324.27	60,625.81
	b) gain/loss on sale on account of securitisation	-	-
6	Form & quantum of Services Provided:		
	a) Collection Agent Fees	57.37	10.26
7	Performance of facility provided		
	I) Credit Enhancement		
	(a) Amount Paid	30,461.72	8,537.10
	(b) Repayment Received	-	-
	(c) Outstanding Amount	30,461.72	8,537.10
	II) Collection Agent fees		
	(a) Amount Paid	57.37	10.26
	(b) Repayment Received	(57.37)	(10.26)
	(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

	Particulars	As at 31 March 2023	As at 31 March 2022
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	9	29
2	Number of complaints received during the year	687	407
3	Number of complaints disposed during the year	694	427
	3.1 Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	2	9
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	158	134
	5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	1
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	1	2
6	Number of Awards unimplemented within the stipulated time	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(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
As at 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**

Footnote :

i) Current year being the first year of applicability of above disclosure, figures for column 4 in above tables are not disclosed.

ii) The above information of customer complaints is disclosed based on the information maintained at the corporate level by the Management on internal MIS and has been relied upon by the Auditors.

X Investments

Particulars	As at 31 March 2023	As at 31 March 2022
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	170,282.37	115,930.06
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	24,576.64	18,216.64
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	145,705.73	97,713.42
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	18,216.64	3,683.50
(ii) Add: Provisions made during the year	6,360.00	14,533.14
(iii) Less: Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	24,576.64	18,216.64

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

XI Registration obtained from other financial sector regulators: None

XII Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

As per Reserve Bank of India CIRCULAR NO. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22, limit for SBL and GBL have been revised with effective from 1 October, 2022. As per the revised limit, 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 ₹ 54.20 lakhs excluding taxes paid to Stock exchanges relating to "Minimum Public Shareholding (MPS) Requirements" (previous year 26.70 lakhs) and others -₹ 3.60 lakhs excluding taxes (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 2023	As at 31 March 2022
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	A+	AA-
		CRISIL	AA-	AA-
3	NCD	CARE	A+	AA-
		CRISIL	AA-	-

XVII (A) Unsecured Advances against intangible securities: None

XVII (B) Off-balance Sheet Sponsored SPV: None

XVII (C) Fraud committed against the company:

Particulars		31 March 2023	31 March 2022
1	No. of cases of fraud reported during the year	-	2
2	Amount involved (₹ In Lakhs)	-	391.92
3	Amount recovered (₹ In Lakhs)	-	-
4	Amount written off (₹ In Lakhs)	-	391.92

Note: The above information is based on FMR 1 reported to RBI

Notes to the Financial Statements

for the year ended March 31, 2023

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XVIII Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*#					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on 1 April 2022 (Opening Figures)	Number of Borrowers	-	-	-	-	-	2,354	2,655	-	-	5,009	5,009
		Amount Outstanding	-	-	-	-	-	40,294.48	37,306.20	-	-	77,600.68	77,600.68
		Provision Thereon	-	-	-	-	-	8,622.59	19,531.34	-	-	28,153.93	28,153.93
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	2	85	-	-	87	87
		Amount Outstanding	-	-	-	-	-	0.21	30.09	-	-	30.30	30.30
		Provision Thereon	-	-	-	-	-	0.09	16.84	-	-	16.93	16.93
3	Repaid out of opening	Number of Borrowers	-	-	-	-	-	1,391	366	-	-	1,757	1,757
		Amount Outstanding	-	-	-	-	-	(3,675.43)	(545.29)	-	-	(4,220.72)	(4,220.72)
		Provision Thereon **	-	-	-	-	-	(3,186.95)	2,211.14	-	-	(975.81)	(975.81)
4	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	524	(524)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	4,578.88	(4,578.88)	-	-	-	-
		Provision Thereon	-	-	-	-	-	2,442.40	(2,442.40)	-	-	-	-
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 22-23 (Slipped to NPA as on 31 March 2023) - npa	Number of Borrowers	-	-	-	-	-	(205)	205	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(3,542.75)	3,542.75	-	-	-	-
		Provision Thereon	-	-	-	-	-	(536.79)	536.79	-	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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	
7	Write-offs of the restructured accounts during FY 22-23	Number of Borrowers	-	-	-	-	-	1,014	1,616	-	-	2,630	2,630
		Amount Outstanding	-	-	-	-	-	(4,705.45)	(11,353.53)	-	-	(16,058.98)	(16,058.98)
		Provision Thereon	-	-	-	-	-	(2,342.34)	(7,403.04)	-	-	(9,745.38)	(9,745.38)
8	Closed / Paid-up POS of the restructured accounts during FY 22-23	Number of Borrowers	-	-	-	-	-	1,257	1,807	-	-	3,064	3,064
		Amount Outstanding	-	-	-	-	-	(7,484.58)	(10,646.17)	-	-	(18,130.75)	(18,130.75)
		Provision Thereon	-	-	-	-	-	(2,682.47)	(6,569.46)	-	-	(9,251.93)	(9,251.93)
9	Restructured account as on 31 March 2023 (Closing 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

*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 March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 46- DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	406,567.75	10,501.18	396,066.57	1,652.27	8,848.91
	Stage 2	114,149.66	16,949.25	97,200.41	3,694.20	13,255.05
Subtotal		**520,717.41**	**27,450.43**	**493,266.98**	**5,346.47**	**22,103.96**
Non-Performing Assets (NPA)						
Substandard	Stage 1	3,738.23	419.28	3,318.95	373.82	45.46
Substandard	Stage 2	3,049.77	785.13	2,264.64	304.98	480.15
Substandard	Stage 3	17,342.59	9,288.80	8,053.79	1,435.39	7,853.41
Subtotal for Substandard		**24,130.59**	**10,493.21**	**13,637.38**	**2,114.19**	**8,379.02**
Doubtful - up to 1 year	Stage 3	26,304.83	14,528.77	11,776.06	4,972.24	9,556.53
1 to 3 years	Stage 3	1,269.96	774.76	495.20	362.86	411.90
More than 3 years	Stage 3	1,306.63	920.72	385.91	659.07	261.65
Subtotal for doubtful		**28,881.42**	**16,224.25**	**12,657.17**	**5,994.17**	**10,230.08**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**53,012.01**	**26,717.46**	**26,294.55**	**8,108.36**	**18,609.10**
Total		**573,729.42**	**54,167.89**	**519,561.53**	**13,454.83**	**40,713.06**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	0.80	(0.80)	-	0.80
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**0.80**	**(0.80)**	**-**	**0.80**
Total	Stage 1	410,305.98	10,921.26	399,384.72	2,026.09	8,895.17
	Stage 2	117,199.43	17,734.38	99,465.05	3,999.18	13,735.20
	Stage 3	46,224.01	25,513.05	20,710.96	7,429.56	18,083.49
	Total	**573,729.42**	**54,168.69**	**519,560.73**	**13,454.83**	**40,713.86**

 # includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

Footnote - Sub Standard assets includes Stage 1 and Stage 2 assets considered as NPA for the limited purpose of regulatory disclosures and not assessed as credit impaired under Ind AS.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 47 - Disclosure persuant to Liquidity Risk Management Framework for NBFC

(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	20	346,085.00	N/A	86.40%

(ii) Top 20 large deposits (amount in ₹ crore and % of total 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

(iii) Top 10 borrowings

Total Amount[1]	% of Total Borrowings
281,824.00	76.13%

(iv) Funding concentration based on significant instrument/product

Sr. No.	Nature of instrument	Amount	% of Total Liabilities
1	Term Loan	233,066.81	58.19%
2	Non-Convertible Debentures	110,886.95	27.68%
3	Working Capital	25,784.06	6.44%

(v) Stock ratios

Sr. No.	Particulars	Ratios
1	**Commercial papers**	
	- as a % of total public funds	Nil
	- as a % of total liabilities	Nil
	- as a % of total assets	Nil
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	7.25%
	- as a % of total liabilities	6.70%
	- as a % of total assets	3.82%

(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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 48 - Liquidity coverage ratio:

	Particulars	Q1 FY 2022-23		Q2 FY 2022-23		Q3 FY 2022-23		Q4 FY 2022-23	
		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]**	8,222.35	8,222.35	17,419.95	17,419.95	17,509.11	17,509.11	15,992.49	15,992.49
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured funding	-	-	-	-	-	-	-	-
4	Secured funding	39,233.60	45,118.64	47,880.04	55,062.04	17,352.31	19,955.16	15,178.73	17,455.53
5	Additional requirements, of which	6,773.08	7,789.04	10,645.16	12,241.94	14,809.78	17,031.25	20,411.04	23,472.70
(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	6,773.08	7,789.04	10,645.16	12,241.94	14,809.78	17,031.25	20,411.04	23,472.70
6	Other contractual funding obligations	5,368.21	6,173.44	4,838.95	5,564.79	6,185.88	7,113.76	5,717.97	6,575.67
7	Other contingent funding obligations	82.42	94.78	-	-	81.52	93.75	125.00	143.75
8	**TOTAL CASH OUTFLOWS**	**51,457.31**	**59,175.90**	**63,364.15**	**72,868.77**	**38,429.49**	**44,193.92**	**41,432.74**	**47,647.65**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	**20,529.37**	**15,397.03**	**19,155.03**	**14,366.27**	**19,188.05**	**14,391.04**	**20,781.17**	**15,585.88**
11	Other cash inflows	**54,859.25**	**41,144.44**	**68,351.75**	**51,263.81**	**42,353.67**	**31,765.25**	**63,919.59**	**47,939.69**
12	**Total Cash Outflows**	**75,388.62**	**56,541.47**	**87,506.78**	**65,630.08**	**61,541.72**	**46,156.29**	**84,700.76**	**63,525.57**

			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	Total HQLA		8,222.35		17,419.95		17,509.11		15,992.49
14	Total Net Cash Outflows		14,793.97		18,217.19		11,048.48		11,911.91
15	Liquidity Coverage Ratio (%)		55.58%		95.62%		158.48%		134.26%

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 2023, 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.

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Note 49- DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23:

I Sectoral exposure

Sl No	Sectors	As at 31 March 2023			As at 31 March 2022		
		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	11,111.90	507.72	4.57%	9,489.14	330.68	3.48%
2	Industry						
	- Micro and Small	7,326.88	1,050.13	6.08%	13,024.86	610.65	2.22%
	- Large	9,941.31	-	-	14,466.94	1,961.29	7.13%
	Total (2)	**17,268.19**	**1,050.13**	**6.08%**	**27,491.80**	**2,571.94**	**9.36%**
3	Services						
	- Transport Operators	296,542.27	24,139.93	5.00%	388,701.58	85,813.23	14.49%
	- Computer Software	721.93	25.94	0.01%	443.10	-	-
	- Tourism, Hotel and Restaurants	964.56	30.02	0.01%	1,888.60	187.56	0.03%
	- Professional Services	9,566.21	893.52	0.18%	14,440.61	377.65	0.06%
	- Retail Trade	7,129.53	1,103.77	0.23%	10,572.04	519.67	0.09%
	- Commercial Real Estate	155,152.14	-	-	156,669.58	-	-
	- NBFCs	1,191.18	-	-	4,304.77	-	-
	- Other Services	11,948.64	2,483.79	0.51%	15,277.62	1,385.17	0.23%
	Total (3)	**483,216.46**	**28,676.97**	**5.93%**	**592,297.90**	**88,283.28**	**14.91%**
4	Personal Loan	-	-	-	-	-	-
5	Retail Loans						
	- Vehicle/Auto Loans	33,713.66	1,814.04	1.72%	52,148.30	15,185.31	9.91%
	- Other Retail loans	71,673.74	14,175.15	13.45%	101,079.76	11,720.72	7.65%
	Total (5)	**105,387.40**	**15,989.19**	**15.17%**	**153,228.06**	**26,906.03**	**17.56%**
	Total (1+2+3+4+5+6)	**616,983.95**	**46,224.01**	**7.49%**	**782,506.90**	**118,091.93**	**15.09%**

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

II Intra-group exposures

	Particulars	31 March 2023	31 March 2022
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	-	-

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for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

III 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	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
2	Deposits	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
3	Placement of deposits	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
4	Advances	Outstanding as at Year End	2022-23 (CY)	-	-	-	2,500.00	-	-	2,500.00
			2021-22 (PY)	-	-	-	2,500.00	-	-	2,500.00
		Maximum Outstanding during the year	2022-23 (CY)	-	8,000.00	-	2,500.00	-	-	10,500.00
			2021-22 (PY)	-	43,000.00	-	2,500.00	-	-	45,500.00
5	Investments	Outstanding as at Year End	2022-23 (CY)	-	45,271.60	-	-	-	-	45,271.60
			2021-22 (PY)	-	45,246.51	-	-	-	-	45,246.51
		Maximum Outstanding during the year	2022-23 (CY)	-	45,285.17	-	-	-	-	45,285.17
			2021-22 (PY)	-	45,246.51	-	-	-	-	45,246.51
6	Purchase of fixed/other assets		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
7	Sale of fixed/ other assets		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
8	Interest paid		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
9	Interest received		2022-23 (CY)	-	299.52	-	-	-	-	299.52
			2021-22 (PY)	-	2,410.16	-	-	-	-	2,410.16
10	Others	Upfront Fees	2022-23 (CY)	4,018.68	-	-	-	-	-	4,018.68
			2021-22 (PY)	-	-	-	-	-	-	-
		Conversion of CCPS	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	1,206.90	-	-	-	-	-	1,206.90
		Dividend on CCPS	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	5,849.32	-	-	-	-	-	5,849.32
		Short-term employee benefits	2022-23 (CY)	-	-	-	341.38	-	-	288.50
			2021-22 (PY)	-	-	-	373.54	-	-	373.54
		Recovery of Expenses	2022-23 (CY)	-	2,007.29	-	-	-	-	2,007.29
			2021-22 (PY)	-	1,140.67	-	-	-	-	1,140.67
		Loan Given/(Repaid) net (including conversion of loan to Equity)	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	(13,000.00)	-	-	-	-	(13,000.00)

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for the year ended March 31, 2023

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Note 50 - Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Particulars	As at March 31, 2023	
	Amount outstanding	Amount overdue
Liabilities side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debenture: Secured	110,886.95	-
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	233,066.81	-
(d) Inter-corporate loans and borrowing	444.21	-
(e) Commercial Paper	-	-
(f) Public Deposits (Refer Note 2 below)	-	-
(g) Other Loans	136,910.42	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

Assets side:	As at March 31, 2023
	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	555,087.38
(b) Unsecured	18,642.04
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on Hire including hire charges under sundry debtors :	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC Activities:	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments:	
Current Investments:	
1. Quoted:	
(I) Shares: (a) Equity	-
(b) Preference	-

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Assets side:	As at March 31, 2023 Amount outstanding
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	9,477.34
(v) Others (Please specify)	-
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	72,662.12
(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	45,271.60
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Securities receipts	18,294.67

(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	502,593.11	16,968.42	519,561.53

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for the year ended March 31, 2023

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(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	45,271.60	45,271.60
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	100,434.13	100,434.13

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	46,224.01
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	20,710.96
(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 51

The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2023

Note 52

Figures for the previous year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current year presentation.

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: 25 May 2023

Independent Auditor's Report

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section below, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and its consolidated profit, its consolidated total comprehensive income, its consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

As explained in Note 42.2 to the consolidated financial statement, the Parent had recorded a charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the quarter and year ended March 31, 2022. The Group had concluded that it was impracticable to determine the prior period-specific effects, if any, of this charge because significant judgements had been applied in determining the staging of the loan assets recorded at amortised cost at amortised cost and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Group believes it is not practicable to apply the same judgements without hindsight for the prior period(s).

As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the quarter and year ended March 31, 2022 and consequently, adjustments to the income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the consolidated financial statements for the year ended March 31, 2022 was modified accordingly. Our opinion on the consolidated financial statements for the year ended March 31, 2023 ("current year") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures of the previous year.

We conducted our audit of the consolidated 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 Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our qualified audit 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 of the current period. 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. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Allowance for Expected Credit Losses (ECL) on Loan Assets:**
	
	(Refer Notes 5 and 2.3(f)(i) to the consolidated financial statements)
	
	As at 31 March, 2023, loan assets aggregated ₹ 651,567 lakhs (net of ECL ₹ 55,415 lakhs), which are measured at amortised cost, constituting 71% of the Group's total assets.
	
	As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:
	
	• Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories
	• Basis used for estimating Probabilities of Default ("PD");
	• Basis used for estimating Loss Given Default ("LGD");
	• Adjustments to model driven ECL results, to address emerging trends.
	• Impact, if any, arising out of the findings of the Conduct Review in respect of Commercial Vehicle ("CV") loan assets portfolio and Small and Medium Enterprises ("SME") loan portfolio. (Refer note 42.1)
		Principal audit procedures performed:
		
		We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the respective Companies.
		
		We have verified the methodology adopted for computation of ECL ("ECL Model") on loan assets that complies with policies approved by the respective Board of Directors, procedures and controls for assessing and measuring credit risk on the loan assets measured at amortised cost.
		
		Our audit procedures related to the allowance for ECL on loan assets included the following, among others:
		
		• Testing the design and effectiveness of controls over the:
		  • completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors of the respective companies including the appropriateness of the qualitative factors (including findings arising from Conduct Review) to be applied.
		  • appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and
		  • computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.
		  • Additional controls instituted and modifications to the existing controls that were carried out to address the findings of the Conduct Review.
		• Also, for the samples tested included the following, among others:
		  • the appropriateness of the qualitative factors applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring and arising from the findings of the Conduct Review;
		  • We tested the input data used in estimating the PD;
		  • We evaluated reasonableness of LGD estimates.
		• mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are 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 will 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, compare with the financial statements of the subsidiary audited by the other auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated

financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

- When we read the management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility 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 financial 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 Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 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 the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent 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 of the current period 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

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 145,427 lakh as at March 31, 2023, total revenues of ₹ 20,830 lakh and net cash inflows amounting to ₹ 618 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor 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 this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

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 auditor on the separate financial statements of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:

    a) We have sought and except for the matter described in the Basis for Qualified Opinion section above 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, returns and the reports of the other auditor.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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, except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is, disqualified as on March 31, 2023 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 consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses qualified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies, for the reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies, the remuneration paid by the Parent and such subsidiary companies to their directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

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 Parent and its subsidiary companies.

iv) (a) The respective Managements of the Parent and its subsidiaries, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 42.4 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 Parent or any of such subsidiaries 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 Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, other than as disclosed in the note 42.4 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent 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 performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, whose financial statements have been audited under the Act, nothing has come to our or other auditor's 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 misstatement.

v) The Parent and its subsidiaries, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent/ Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said respective companies included in the consolidated financial statements except for the following:

Name of the company	CIN	Nature of relationship	Clause Number of CARO report with qualification or adverse remark
IndoStar Capital Finance Limited	L65100MH2009PLC268160	Parent	(xvii)

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZV9152)

Place: Mumbai
Date: May 25, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of IndoStar Finance Capital Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 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 auditor of the subsidiary company, which is company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India.

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Basis for Qualified opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Parent's internal financial controls with reference to consolidated financial statements as at March 31, 2023:

The Group had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 42.2 of the consolidated financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements as of March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements 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, and except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent's and its subsidiary companies, internal financial controls with reference to consolidated financial statements were operating effectively as of March 31, 2023.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said consolidated financial statements of the Company.

Other Matters

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 one subsidiary company, which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZV9152)

Place: Mumbai
Date: May 25, 2023

Consolidated Balance Sheet

as at March 31, 2023

(Currency: Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	17,974.12	8,027.20
Bank balances other than cash and cash equivalents	4	23,603.59	40,938.43
Loans	5	6,51,567.00	7,70,693.86
Investments	6	1,03,934.67	54,767.03
Other financial assets	7	35,156.36	10,098.19
		8,32,235.74	**8,84,524.71**
Non-financial assets			
Current tax assets (net)	8	5,607.74	6,896.18
Deferred tax assets (net)	9	31,643.62	31,669.41
Property, plant and equipment	10	5,353.44	7,271.54
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	2,351.56	1,311.70
Other non-financial assets	13	3,707.97	3,155.26
		79,983.02	**81,622.78**
TOTAL ASSETS		**9,12,218.76**	**9,66,147.49**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		10.89	30.20
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		783.32	241.12
Debt securities	15	1,10,886.95	1,97,793.62
Borrowings (other than debt securities)	16	4,53,918.00	4,24,550.02
Other financial liabilities	17	33,215.07	49,135.97
		5,98,814.23	**6,71,750.93**
Non-financial liabilities			
Current tax liabilities (net)	8	-	0.57
Provisions	18	555.93	701.89
Deferred tax liabilities (net)	9	579.54	80.75
Other non-financial liabilities	19	1,110.35	705.28
		2,245.82	**1,488.49**
TOTAL LIABILITIES		**6,01,060.05**	**6,73,239.42**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	2,97,550.78	2,79,300.14
TOTAL EQUITY		**3,11,158.71**	**2,92,908.07**
TOTAL LIABILITIES AND EQUITY		**9,12,218.76**	**9,66,147.49**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	22		
Interest income		1,05,840.89	1,06,716.39
Fees and commission income		5,416.58	4,439.22
Net gain on fair value changes		2,794.52	2,403.03
Net gain on derecognition of financial instruments measured at amortised cost category		3,381.81	2,710.60
Total revenue from operations		**1,17,433.80**	**1,16,269.24**
Other income	23	531.54	1,159.79
Total income		**1,17,965.34**	**1,17,429.03**
Expenses			
Finance cost	24	58,025.73	53,953.96
Impairment on financial instruments	25	(4,036.08)	1,15,847.44
Employee benefit expenses	26	17,781.43	20,503.62
Depreciation and amortization expenses	27	3,956.35	3,538.48
Other expenses	28	18,374.89	13,221.68
Total expenses		**94,102.32**	**2,07,065.18**
Profit/(loss) before tax		**23,863.02**	**(89,636.15)**
Tax expense:	29		
1. Current tax		853.23	1,325.75
2. Tax of earlier years		(0.50)	2.36
3. Deferred tax expenses		495.63	(17,313.03)
Total tax expenses		**1,348.36**	**(15,984.92)**
Profit/(loss) after tax		**22,514.66**	**(73,651.23)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		131.73	64.26
- Income tax relating to items that will not be reclassified to profit or loss		(33.15)	(16.17)
		98.58	**48.09**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(16.72)	6.72
- Income tax relating to items that will be reclassified to profit or loss		4.20	(1.69)
		(12.52)	**5.03**
Other comprehensive income for the year, net of tax		**86.06**	**53.12**
Total comprehensive income for the year		**22,600.72**	**(73,598.11)**
Earnings per equity share	30		
Basic earnings per share (₹)		16.55	(59.51)
Diluted earnings per share (₹)		16.55	(59.51)
(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 Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Consolidated Statement of Cash flows

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash Flow from Operating Activities		
Profit/(loss) before tax	23,863.02	(89,636.15)
Adjustments for:		
Interest income on financial assets	(1,05,840.89)	(1,06,716.39)
Finance costs	58,025.73	53,953.96
Depreciation and amortisation expense	3,956.35	3,538.48
Loss on sale of property plant and equipment	27.11	31.86
Impairment on financial instruments	(4,036.08)	1,15,847.44
Provision for asset acquired in satisfaction of claim	-	(117.79)
Provision for employee benefits	223.98	228.12
Employee share based payment expense	(4,350.07)	1,989.44
Net gain on fair value changes	(2,794.52)	(2,403.03)
Net gain on derecognition of financial instruments measured at amortised cost category	(3,381.81)	(2,710.60)
	(34,307.18)	**(25,994.66)**
Interest income realised on financial assets	1,10,789.35	1,01,788.45
Finance costs paid	(62,736.83)	(58,752.78)
Cash generated from operating activities before working capital changes	**13,745.34**	**17,041.01**
Adjustments:		
(Increase)/Decrease in loans and advances	1,11,669.54	(1,93,618.90)
(Increase)/Decrease in other financial assets	(20,903.11)	4,591.31
(Increase)/Decrease in other non-financial assets	(552.71)	866.22
Increase/(Decrease) in trade payable	522.89	(123.09)
Increase/(Decrease) in other financial liabilities	(15,464.01)	11,029.71
Increase/(Decrease) in other non-financial liabilities	405.07	5.08
Cash generated from / (used in) operating activities	**89,423.01**	**(1,60,208.66)**
Taxes (paid) / refund	435.14	3,830.08
Net cash generated from / (used in) operating activities (A)	**89,858.15**	**(1,56,378.58)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(715.41)	(2,278.23)
Sale of property, plant and equipment	14.02	15.38
Sale / (Purchase) of Assets acquired in satisfaction of claim	-	595.28
Purchase of intangible assets	(1,891.56)	(1,333.87)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	17,334.84	(16,841.83)
(Acquisition)/redemption of investments measured at FVTPL (net)	(41,665.01)	98,401.04
(Acquisition)/redemption of investments measured at FVOCI (net)	(9,494.06)	12,672.72
(Acquisition)/redemption of investments measured at amortised cost (net)	10,479.23	25,273.03
Net cash (used in) / generated from investing activities (B)	**(25,937.95)**	**1,16,503.52**

Consolidated Statement of Cash flows

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C. Cash Flow from Financing Activities		
Proceeds from issue of shares (including securities premium and net off of share issue expenses)	-	540.97
Proceeds from bank borrowings	3,08,167.23	2,13,596.03
Repayments towards bank borrowings	(2,76,245.12)	(1,89,104.67)
Proceeds from issuance of Non-Convertible Debentures	90,000.00	74,590.00
Repayments towards Non-Convertible Debentures	(1,29,000.00)	(1,04,580.00)
Proceeds from Commercial Papers	35,000.00	62,211.77
Repayment of Commercial Papers	(80,500.00)	(30,000.00)
Payment of lease liabilities	(1,395.39)	(1,420.09)
Dividend paid on Compulsorily Convertible Preference Shares	-	(5,849.32)
Net cash (used in) / generated from financing activities (C)	**(53,973.28)**	**19,984.69**
Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**9,946.92**	**(19,890.37)**
Cash and Cash Equivalents at the beginning of the year	**8,027.20**	**27,917.57**
Cash and Cash Equivalents at the end of the year	**17,974.12**	**8,027.20**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	323.90	393.96
Balances with banks		
- in current accounts	12,228.54	7,229.19
Deposits with original maturity of less than 3 months	5,421.68	404.05
Total	**17,974.12**	**8,027.20**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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: 25 May 2023

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each

	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period error	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 2023	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93

(b) Preference share capital of face value of ₹ 10/- each

	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	-	-	-	-	-
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-

(c) 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 2022	**2,92,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**2,79,300.14**
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)	-	-
Dividend on CCPS	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Share based payment expense (refer note 26)	-	-	-	-	(4,350.08)	-	-	-	(4,350.08)
Transfer from ESOP reserves	-	-	-	-	(657.06)	657.06	-	-	-
Shares issued during the year	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	**2,92,207.63**	**29,650.80**	**2,293.19**	**0.43**	**2,074.82**	**2,683.84**	**(31,347.41)**	**(12.52)**	**2,97,550.78**
(ii) Balance at 1 April 2021	**2,91,369.61**	**25,905.39**	**851.51**	**0.43**	**5,375.17**	**1,970.49**	**30,777.59**	**(5.03)**	**3,56,245.16**
Loss after tax for the year	-	-	-	-	-	-	(73,651.23)	-	(73,651.23)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	48.09	-	48.09
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(73,603.14)**	**5.03**	**(73,598.11)**
Transferred from Retained earnings	-	-	686.17	-	-	-	(686.17)	-	-
Dividend on CCPS	-	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share issue expenses	-	-	-	-	-	-	(98.69)	-	(98.69)
Share based payment expense	-	-	-	-	1,989.44	-	-	-	1,989.44
Transfer from ESOP reserves	226.36	-	-	-	(282.65)	56.29	-	-	-
Shares issued during the year	611.66	-	-	-	-	-	-	-	611.66
Balance at 31 March 2022	**2,92,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**2,79,300.14**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

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Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(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 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 Significant accounting policies

2.1.a Basis of Preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time 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 2023. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2023.

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 Significant 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 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 profit or loss. The losses arising from impairment are recognised in the 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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, 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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

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

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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

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.

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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 do not exceed 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. Advances where the amount remains due for more than 90 days are considered to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) 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 more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash

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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 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

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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).

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

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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 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.

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(iii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

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

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the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Group has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees:

Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(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

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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

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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 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.

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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.

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;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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.

a) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Consolidated financial statements.

b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Consolidated financial statements.

c) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Consolidated financial statement

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents		
Cash on hand	323.90	393.96
Balances with banks		
- in current accounts	12,228.54	7,229.19
Deposits with original maturity of less than three months	5,421.68	404.05
	17,974.12	**8,027.20**

Note 4

Particulars	As at 31 March 2023	As at 31 March 2022
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	3,281.59	3,055.49
Earmarked deposits with banks	20,322.00	37,882.94
	23,603.59	**40,938.43**

Note 5

Particulars	As at 31 March 2023	As at 31 March 2022
Loans		
At amortized cost		
Business Loans		
Corporate lending	1,23,176.21	1,56,847.87
Small and medium enterprises lending (SME)	1,08,044.88	1,53,484.44
Commercial vehicle lending	3,40,293.96	4,48,398.97
Home Loans	1,33,252.18	1,23,577.53
Other loans	2,214.37	2,024.13
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net	**6,51,567.00**	**7,70,693.86**
(a) Secured by tangible assets	6,88,339.56	8,41,751.19
(b) Unsecured	18,642.04	42,581.75
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net	**6,51,567.00**	**7,70,693.86**
Loans in India		
(a) Public sector	-	-
(b) Others	7,06,981.60	8,84,332.94
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net (a)	**6,51,567.00**	**7,70,693.86**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**6,51,567.00**	**7,70,693.86**

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 March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2023				
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**	**1,28,511.31**
Investments in India	42,871.31	9,477.34	76,162.66	1,28,511.31
Investments outside India	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**76,162.66**	**1,28,511.31**
Less: Impairment loss allowance	(24,576.64)	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**76,162.66**	**1,03,934.67**

(net of amount written off ₹ 58,728.33 lakhs)*

1. *Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)*

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2022				
Mutual funds	-	-	31,703.13	31,703.13
Security Receipts*	41,280.54	-	-	41,280.54
Treasury Bills	-	-	-	-
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Investments in India	41,280.54	-	31,703.13	72,983.67
Investments outside India	-	-	-	-
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Less: Impairment loss allowance	(18,216.64)	-	-	(18,216.64)
Total - Net	**23,063.90**	**-**	**31,703.13**	**54,767.03**

(net of amount written off ₹ 17,609.05 lakhs)*

Note 7

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial assets		
Security deposit	2,644.83	4,525.55
Assignment receivables	5,972.93	4,841.54
Deposits with Trustee for securitisation*	24,983.01	-
Other Receivables	2,017.65	1,100.47
	35,618.42	**10,467.56**
Less: Impairment allowance	(462.06)	(369.37)
	35,156.36	**10,098.19**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 8

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax assets (net)		
Advance Tax (net of provision)	5,607.74	6,896.18
	5,607.74	**6,896.18**
Current tax liabilities (net)		
Provision for tax (net of advance tax)	-	0.57
	-	**0.57**

Note 9

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	20,724.50	33,220.00
Provision for gratuity	105.61	127.89
Provision for compensated absences	31.35	38.22
Debt instruments through OCI	4.20	-
Lease liabilities	64.21	47.95
Income amortisation	(87.35)	172.39
Other items of disallowance	121.29	581.14
Depreciation on PPE and intangible assets	845.78	705.55
Carried forward book losses	19,575.18	6,005.75
Total (A)	**41,384.77**	**40,898.89**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,503.28)	(1,218.54)
Borrowing cost amortisation	(1,262.31)	(536.59)
Total (B)	**(10,320.69)**	**(9,310.23)**
Net deferred tax asset (A-B)	**31,064.08**	**31,588.66**
Deferred tax assets		
IndoStar Capital Finance Limited	31,643.62	31,669.41
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,643.62**	**31,669.41**
Deferred tax liabilities		
IndoStar Capital Finance Limited	-	-
IndoStar Home Finance Private Limited	579.54	80.75
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax liabilities (B)	**579.54**	**80.75**
Net deferred tax asset (A-B) (also refer Note 29)	**31,064.08**	**31,588.66**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment							
Cost as at 1 April 2021	**15.05**	**761.35**	**4,795.24**	**644.63**	**2,655.66**	**4,515.10**	**13,387.03**
Additions	-	57.37	935.42	97.51	1,187.93	2,900.58	5,178.81
Disposals	-	(0.28)	(304.76)	(2.89)	(25.99)	(1,216.75)	(1,550.67)
Cost as at 31 March 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**
Accumulated depreciation as at 1 April 2021	**-**	**325.47**	**2,882.52**	**339.16**	**1,957.24**	**1,789.95**	**7,294.34**
Depreciation charged during the year	-	193.79	1,020.74	136.36	510.18	1,202.81	3,063.88
Disposals	-	(0.22)	(233.56)	(2.31)	(24.96)	(353.54)	(614.59)
Accumulated depreciation as at 31 March 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**
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**
Net carrying amount as at 31 March 2022	**15.05**	**299.40**	**1,756.20**	**266.04**	**1,375.14**	**3,559.71**	**7,271.54**

** Mortgaged as security against Secured Non-convertible Debentures*

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2023	As at 31 March 2022
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

DESCRIPTION	Total
Cost as at 1 April 2021	30,018.69
Acquisition of business	-
Cost as at 31 March 2022	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Accumulated impairment as at 1 April 2021	-
Addition	-
Accumulated impairment as at 31 March 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Net carrying amount as at 31 March 2023 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2022	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2023. 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) Intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 2021	**1,294.97**	**1,294.97**
Additions	1,333.86	1,333.86
Disposals	(0.28)	(0.28)
Cost as at 31 March 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**
Accumulated amortisation as at 1 April 2021	842.53	842.53
Amortisation recognised for the year	474.60	474.60
Disposals	(0.28)	(0.28)
Accumulated amortisation as at 31 March 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**
Net carrying amount as at 31 March 2023 (A)- (B)	**2,351.56**	**2,351.56**
Net carrying amount as at 31 March 2022	**1,311.70**	**1,311.70**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2023	As at 31 March 2022
Other non-financial assets		
Prepaid expenses	1,393.55	1,189.13
Advances recoverable in cash or in kind or for value to be received	2,314.42	1,966.13
	3,707.97	**3,155.26**

Note 14

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Dues to Micro, small and medium enterprises	10.89	30.20
Dues to Others	783.32	241.12
	794.21	**271.32**

Also refer Note 37.

Note 15

Particulars	As at 31 March 2023	As at 31 March 2022
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,10,886.95	1,53,269.65
Commercial paper (net of unamortised discount) (Refer note (b) below)	-	44,523.97
	1,10,886.95	**1,97,793.62**
Debt securities in India	1,10,886.95	1,97,793.62
Debt securities outside India	-	-
Total	**1,10,886.95**	**1,97,793.62**
Secured	1,10,886.95	95,769.65
Unsecured	-	1,02,023.97
Total	**1,10,886.95**	**1,97,793.62**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.78% <= 11.40%	>= 6.77% <= 11.40%
	Amount	Amount
24-36 Months	-	2,495.61
12-24 Months	78,876.60	36,704.48
0-12 Months	32,010.35	1,14,069.56
Total	**1,10,886.95**	**1,53,269.65**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 ₹ 4,59,596 lakhs (March 2022: ₹ 96,932 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 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	-	>=6.30% <= 7.00%
	Amount	Amount
0-12 Months	-	44,523.97
Total	**-**	**44,523.97**

Note 16

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	2,40,596.28	2,16,685.00
Term loans from Financial Institutions (Refer note (a) below)*	25,023.11	35,957.50
Term loans from NHB (Refer note (b) below)	22,756.77	28,313.20
Loans repayable on demand		
Working capital demand loans from banks **	25,784.06	25,600.00
Bank overdrafts **	-	1,363.40
Other borrowings (including Inter Corporate Deposits)	1,39,757.78	1,16,630.92
Total	**4,53,918.00**	**4,24,550.02**
Borrowings in India	4,53,918.00	4,24,550.02
Borrowings outside India	-	-
Total	**4,53,918.00**	**4,24,550.02**
Secured borrowings	3,83,473.79	4,23,431.91
Unsecured borrowings	70,444.21	1,118.11
Total	**4,53,918.00**	**4,24,550.02**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.90% <= 11.50%	>=7.25% <= 11.00%
	Amount	Amount
Above 60 Months	1,259.79	2,915.73
48-60 Months	3,627.27	2,104.57
36-48 Months	12,730.59	13,820.85
24-36 Months	26,916.78	38,488.73
12-24 Months	1,23,230.55	89,337.33
0-12 Months	97,854.41	1,05,975.29
Total	**2,65,619.39**	**2,52,642.50**

(b) Term loans from NHB:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 6.60% <= 8.95%	>= 5.25% <= 6.65%
	Amount	Amount
Above 60 Months	6,145.00	8,224.86
48-60 Months	1,832.90	3,387.59
36-48 Months	3,388.68	3,590.28
24-36 Months	3,599.19	4,440.98
12-24 Months	4,452.00	4,440.98
0-12 Months	3,339.00	4,228.51
Total	**22,756.77**	**28,313.20**

** 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)

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 9.10% <= 12.51%	>= 6.75% <= 7.60%
	Amount	Amount
0-12 Months	25,784.06	25,600.00
Total	**25,784.06**	**25,600.00**

 # 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 March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 17

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial liabilities		
Book overdraft	2,992.51	15,851.09
Employee benefits payable	2,589.64	1,135.87
Unamortised lease liabilities	3,103.51	3,749.94
Others	24,529.41	28,399.07
	33,215.07	**49,135.97**

Note 18

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
Provision for employee benefits:		
- Gratuity	419.61	508.13
- Compensated absences	124.60	151.88
Others:		
- Expected credit loss on undrawn loan commitments	11.72	41.88
	555.93	**701.89**

Note 19

Particulars	As at 31 March 2023	As at 31 March 2022
Non-financial liabilities		
Statutory dues payable	1,110.35	705.28
	1,110.35	**705.28**

Footnote : The Statutory Dues includes contribution to Provident Fund of Rs. 134,907/- which the Company is unable to pay to the regulatory authority as the respective employee have not enabled the Company to make the payment by linking their Provident Fund Identifcation number to their Aadhar number issued by the UIDAI.

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Share of Face Value of ₹10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	13,60,79,295	13,607.93	13,60,79,295	13,607.93
Total	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**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 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,60,79,295	13,607.93	12,37,30,329	12,373.03
Add: Shares issued during the year	-	-	1,23,48,966	1,234.90
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**13,607.93**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	7,64,82,638	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 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	7,64,82,638	56.20%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,14,67,583	30.47%

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

(ii) As at 31 March 2023, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(iii) As on date of approval of these financial statements, the Company has complied with Regulation 38 of SEBI (LODR) regulations.

(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) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	1,20,68,966	1,206.90
Add: Shares issued during the year	-	-	-	-
Less: Shares converted into equity	-	-	1,20,68,966	1,206.90
Shares outstanding at the end of the year	-	-	-	-

Footnote: During the year ended 31 March 2022, 1,20,68,966 Equity Shares were allotted to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

(g) 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.

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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.

(h) 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 2023			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	-
Indostar Capital (Mauritius)	4,14,67,583	30.47%	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	4.14%
Indostar Capital (Mauritius)	4,14,67,583	30.47%	(8.00%)

(i) CCPS 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 2023			
BCP V Multiple Holdings Pte. Ltd.	-	-	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)

Note 21

Particulars	As at 31 March 2023	As at 31 March 2022
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	29,650.80	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	2,293.19	1,537.68
Securities premium	2,92,207.63	2,92,207.63
Share options outstanding account	2,074.82	7,081.96
General reserve	2,683.84	2,026.78
Retained earnings	(31,347.41)	(49,459.73)
Debt instruments through other comprehensive income	(12.52)	-
	2,97,550.78	**2,79,300.14**

21.1 Other equity movement

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve		
Opening Balance	0.43	0.43
Add: Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add: Transferred from surplus	3,745.41	-
Closing Balance	**29,650.80**	**25,905.39**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	1,537.68	851.51
Add: Transferred from surplus	755.51	686.17
Closing Balance	**2,293.19**	**1,537.68**
Securities premium		
Opening Balance	2,92,207.63	2,91,369.61
Add: Transfer from ESOP reserves	-	226.36
Add: Premium collected on share allotment	-	611.66
Closing Balance	**2,92,207.63**	**2,92,207.63**
Share options outstanding account		
Opening Balance	7,081.96	5,375.17
Movement during the year	(5,007.14)	1,706.79
Closing Balance	**2,074.82**	**7,081.96**
General reserve		
Opening Balance	2,026.78	1,970.49
Movement during the year	657.06	56.29
Closing Balance	**2,683.84**	**2,026.78**
Retained earnings		
Opening Balance	(49,459.73)	30,777.59
Add: Remeasurement of defined benefit plan/obligations	98.58	48.09
Add: Transferred from the statement of profit and loss	22,514.66	(73,651.23)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(3,745.41)	-
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(755.51)	(686.17)
Less: Appropriation towards dividend	-	(5,849.32)
Less: Share issue expenses	-	(98.69)
Closing Balance	**(31,347.41)**	**(49,459.73)**
Other Comprehensive Income		
Opening balance	-	(5.03)
Add: Debt instruments through other comprehensive income	(12.52)	5.03
Closing balance	**(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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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.

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 resesrve

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.

Note 22

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,03,156.81	1,04,937.87
Interest on investments		
- Debt instruments	159.71	-
Interest on deposits		
- Deposits with banks	1,569.29	1,214.79
- Deposits with Trustees	677.45	-
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	277.63	563.73
	1,05,840.89	**1,06,716.39**
Fees and commission income		
- Syndication, advisory & other fees	5,416.58	4,439.22
	5,416.58	**4,439.22**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,794.52	2,466.97

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(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	(63.94)
Total fair value changes	**2,794.52**	**2,403.03**
Fair value changes:		
- Realised	2,628.72	2,398.31
- Unrealised	165.80	4.72
Total fair value changes	**2,794.52**	**2,403.03**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	-	2,196.16
- Assignment Income	3,381.81	514.44
	3,381.81	**2,710.60**
Total	**1,17,433.80**	**1,16,269.24**

Note 23

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other income		
Miscellaneous income	158.72	162.03
Interest on income tax refund	372.82	997.76
	531.54	**1,159.79**

Note 24

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	33,628.51	26,827.42
Other borrowings (including Inter Corporate Deposits)	13,904.56	9,197.48
Interest expense on debt securities		
Debentures	7,083.30	16,228.69
Commercial paper	1,975.70	920.27
Other interest expense		
Bank charges & other related costs	1,433.66	780.10
	58,025.73	**53,953.96**

Note 25

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(51,864.48)	56,786.59
Financial assets written off (net of recovery)	48,663.34	57,889.84
Impairment on others		
Undrawn loan commitments	(30.16)	(89.49)
Provision on co-lending arrangements	(897.47)	1,351.25
Others	92.69	(90.75)
	(4,036.08)	**1,15,847.44**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 26

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits Expenses		
Salaries, other allowances and bonus	20,798.99	17,398.18
Gratuity expenses	201.54	186.71
Compensated absences	22.44	41.41
Contribution to provident and other funds	836.57	725.68
Staff welfare expenses	242.48	129.13
Share based payment expense	(4,350.07)	1,989.44
Employee shared service costs recovered	29.48	33.07
	17,781.43	**20,503.62**

Footnote : During the quarter ended 31 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 Rs 4,421.94 lakh for the year ended 31 March 2023.

Note 27

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation		
Depreciation of property, plant and equipment (PPE)	3,104.65	3,063.88
Amortisation of intangible assets	851.70	474.60
	3,956.35	**3,538.48**

Note 28

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other Expenses		
Rent	1,087.03	838.61
Rates & taxes	57.52	210.63
Printing and stationery	135.75	201.59
Travelling & conveyance	1,277.22	871.96
Advertisement	130.59	71.54
Business Promotion	11.55	14.05
Commission & brokerage	100.92	52.25
Office expenses	2,561.03	1,688.73
Directors' fees & commission	44.85	59.79
Insurance	528.16	441.05
Communication expenses	569.73	555.42
Payment to auditors (note below)	403.28	329.08
CSR expenses (note below)	62.86	100.42
IT Support charges	2,101.73	2,178.07
Legal & professional charges	9,001.40	5,349.72
Loss on sale of property plant and equipment	27.11	31.86
Membership & subscriptions	96.62	102.35
Other shared service costs recovered	151.92	74.95

Notes to the Consolidated Financial Statements

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(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other fees and commission	25.25	167.14
Impairment allowance on assets acquired in satisfaction of claim	-	(117.79)
Provision for doubtful advances	0.37	0.26
	18,374.89	**13,221.68**
Payment to auditor includes:		
a) Statutory Audit	351.16	307.02
b) Tax Audit	1.50	4.50
c) Certifications	11.50	12.82
d) Others	39.12	4.74
Total	**403.28**	**329.08**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	62.86	19.41
b) Amount of expenditure incurred	62.86	100.42
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)	-	-

Note 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax expense		
1. Current tax	853.23	1,325.75
2. Tax of earlier years	(0.50)	2.36
	852.73	**1,328.11**
Deferred tax expense		
3. Deferred tax expenses	495.63	(17,313.03)
	495.63	**(17,313.03)**
Tax expense for the year	**1,348.36**	**(15,984.92)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	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	131.73	(33.15)	98.58	64.26	(16.17)	48.09
- Debt instruments through other comprehensive income	(16.72)	4.20	(12.52)	6.72	(1.69)	5.03
Tax expense for the year	**115.01**	**(28.95)**	**86.06**	**70.98**	**(17.86)**	**53.12**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	**23,863.02**	**(89,636.15)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	6,005.84	(22,559.63)
Difference in tax rate due to:		
- Effect of non-deductible expenses	79.51	944.54
- Tax expense of earlier years	(0.50)	2.36
- Effect of inter-Company transactions	-	(39.86)
- Others	(4,736.49)	5,667.67
Total tax expense	**1,348.36**	**(15,984.92)**
	5.65%	**17.83%**
Current tax	853.23	1,325.75
Tax expense of earlier year	(0.50)	2.36
Deferred tax	495.63	(17,313.03)
	1,348.36	**(15,984.92)**

(d) 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	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
Carried 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)	(284.75)	-	(1,503.28)
Deferred tax assets / (Liabilities)	**31,588.66**	**(495.63)**	**(28.95)**	**31,064.08**

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for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,432.92	17,787.08	-	33,220.00
Provision for gratuity	124.57	19.49	(16.17)	127.89
Provision for leave encashment	33.14	5.08	-	38.22
Income amortisation	408.29	(235.90)	-	172.39
Depreciation on PPE and intangible assets	539.71	165.84	-	705.55
Impairment loss allowance on assets acquired in satisfaction of claim	32.79	(32.79)	-	-
Carry forward losses	7,427.23	(1,421.48)	-	6,005.75
Debt instruments through OCI	1.69	-	(1.69)	-
Lease liabilities	40.04	7.91	-	47.95
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Borrowing cost amortisation	(834.93)	298.34	-	(536.59)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,356.86)	138.32	-	(1,218.54)
Deferred tax assets / (Liabilities)	**14,293.49**	**17,313.03**	**(17.86)**	**31,588.66**

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 ₹ 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

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 2023	For the year ended 31 March 2022
i. Profit attributable to equity holders (A)		
Profit / (loss) for the year	22,514.66	(73,651.23)
Less: Dividend on Compulsorily convertible preference shares (CCPS)	-	(2,557.08)
Profit attributable to equity holders for basic and diluted EPS	22,514.66	(76,208.31)
ii. Weighted average number of equity shares for calculating Basic EPS (B)	13,60,79,295	12,80,64,878
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	13,60,79,428	12,80,64,878
iv. Basic earnings per share (₹)	16.55	(59.51)
v. Diluted earnings per share (₹)	16.55	(59.51)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 current 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.

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.

Notes to the Consolidated Financial Statements

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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.

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 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**	**1,03,934.67**	**85,640.00**	**-**	**18,294.67**	**1,03,934.67**

** based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.*

Particulars	As at 31 March 2022							
	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	31,703.13	-	-	31,703.13	31,703.13	-	-	31,703.13
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
(c) Treasury Bills	-	-	-	-	-	-	-	-
Total	**31,703.13**	**-**	**23,063.90**	**54,767.03**	**31,703.13**	**-**	**23,063.90**	**54,767.03**

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	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	**41,280.54**	**41,280.54**	-	-	**22,452.41**	**22,452.41**
Reclassified from Loan Assets*	-	-	12,070.00	12,070.00	-	-	41,905.00	41,905.00
Assets derecognised or repaid (excluding write offs)	-	-	(10,479.23)	(10,479.23)	-	-	(23,076.87)	(23,076.87)
Gross carrying amount closing balance	-	-	**42,871.31**	**42,871.31**	-	-	**41,280.54**	**41,280.54**

** net of amount written-off*

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for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	18,216.64	18,216.64	-	-	3,683.50	3,683.50
Incremental provision	-	-	6,360.00	6,360.00	-	-	14,533.14	14,533.14
	-	**-**	**24,576.64**	**24,576.64**	**-**	**-**	**18,216.64**	**18,216.64**

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	-	-	6,51,567.00	6,51,567.00	-	-	6,51,567.00	6,51,567.00
Total	**-**	**-**	**6,51,567.00**	**6,51,567.00**	**-**	**-**	**6,51,567.00**	**6,51,567.00**

Particulars	As at 31 March 2022							
	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	-	-	7,70,693.86	7,70,693.86	-	-	7,70,693.86	7,70,693.86
Total	**-**	**-**	**7,70,693.86**	**7,70,693.86**	**-**	**-**	**7,70,693.86**	**7,70,693.86**

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

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 loan, SME and Housing Finance

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

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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 do not exceed 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 91 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 more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

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.

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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:

- Gross national saving
- WPI (Wholesale price index)

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.

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An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	**5,87,022.07**	**1,76,994.63**	**1,20,316.24**	**8,84,332.94**	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**
New assets originated or purchased*	1,92,543.01	5,190.64	2,621.02	2,00,354.67	3,23,834.80	45,400.02	66,190.37	4,35,425.19
Assets derecognised or repaid (excluding write offs)	(2,33,124.09)	(40,047.22)	(43,752.64)	(3,16,923.95)	(1,22,498.97)	(68,088.79)	(49,783.12)	(2,40,370.88)
Transfers to stage 1	49,084.52	(39,642.81)	(9,441.71)	-	7,627.39	(7,100.48)	(526.91)	-
Transfers to stage 2	(44,291.26)	49,720.05	(5,428.79)	-	(1,05,046.54)	1,06,239.95	(1,193.41)	-
Transfers to stage 3	(12,477.50)	(10,268.63)	22,746.13	-	(71,755.34)	(43,062.73)	1,14,818.07	-
Amounts written off (net of recovery)	-	(17,484.99)	(31,227.07)	(48,712.06)	(6,092.52)	(12,685.62)	(33,858.72)	(52,636.86)
Presented under Investments as Security Receipts*	-	(4,128.44)	(7,941.56)	(12,070.00)	-	(32,537.15)	(9,367.85)	(41,905.00)
Gross carrying amount closing balance	**5,38,756.75**	**1,20,333.23**	**47,891.62**	**7,06,981.60**	**5,87,022.07**	**1,76,994.63**	**1,20,316.24**	**8,84,332.94**

** 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	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**9,667.70**	**35,594.30**	**68,377.07**	**1,13,639.07**	**28,606.01**	**22,655.17**	**18,625.70**	**69,886.88**
New assets originated or purchased	6,084.87	202.04	1,140.31	7,427.22	4,777.12	10,133.31	35,189.91	50,100.34
Assets derecognised or repaid (excluding write offs)	(6,986.04)	(10,799.98)	(25,614.06)	(43,400.08)	(21,574.18)	(5,588.49)	74.13	(27,088.54)
Transfers to stage 1	10,172.55	(4,909.63)	(5,262.92)	-	966.84	(786.97)	(179.87)	-
Transfers to stage 2	(1,111.17)	4,124.28	(3,013.11)	-	(1,790.08)	2,094.40	(304.32)	-
Transfers to stage 3	(1,975.63)	(1,407.02)	3,382.65	-	(953.35)	(5,303.39)	6,256.74	-
Impact on year end ECL on exposures transferred between stages during the year	(4,233.25)	2,517.07	10,248.39	8,532.21	(56.27)	19,084.66	21,930.92	40,959.31
Amounts written off (net of recovery)	(64.73)	(7,435.21)	(23,283.88)	(30,783.82)	(308.39)	(6,694.39)	(13,216.14)	(20,218.92)
ECL allowance - closing balance	**11,554.30**	**17,885.85**	**25,974.45**	**55,414.60**	**9,667.70**	**35,594.30**	**68,377.07**	**1,13,639.07**

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.

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The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The 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 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	-	1,10,886.95
Borrowings (other than debt securities)	49,396.40	1,21,484.26	2,35,993.88	47,043.46	4,53,918.00
Other financial liabilities	29,755.45	467.91	2,391.82	599.89	33,215.07
Total	**94,282.30**	**1,39,626.28**	**3,17,262.30**	**47,643.35**	**5,98,814.23**

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, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹ 60,321.50 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.*
- *Also refer Note 41*

As on 31 March 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	271.32	-	-	-	271.32
Debt securities	67,534.81	91,058.72	39,200.09	-	1,97,793.62
Borrowings (other than debt securities)	49,202.75	1,15,368.79	2,00,792.14	59,186.34	4,24,550.02
Other financial liabilities	45,677.86	725.65	2,196.63	535.83	49,135.97
Total	**1,62,686.74**	**2,07,153.16**	**2,42,188.86**	**59,722.17**	**6,71,750.93**

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	For the year ended 31 March 2023	For the year ended 31 March 2022
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	17,684.75	27,440.15
(b)	SME	17,315.66	17,978.00
(c)	Commercial vehicles	56,312.04	52,079.89
(d)	Housing finance	20,924.18	14,482.30
(e)	Unallocated*	5,728.71	5,448.69
	Segment revenue from continuing operations	**1,17,965.34**	**1,17,429.03**
II	**Segment results**		
(a)	Large corporate	5,746.03	19,308.40
(b)	SME	4,233.45	(3,627.49)
(c)	Commercial vehicles	16,196.75	(96,586.39)
(d)	Housing finance	5,123.21	4,608.68
(e)	Unallocated**	(7,436.42)	(13,339.35)
	Profit/(loss) before tax	**23,863.02**	**(89,636.15)**

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Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
III	**Segment assets**		
(a)	Large corporate	1,08,709.00	1,43,630.67
(b)	SME	1,01,804.00	1,47,258.62
(c)	Commercial vehicles	3,87,379.00	4,18,206.72
(d)	Housing finance	1,45,427.00	1,29,449.21
(e)	Unallocated***	1,68,899.76	1,27,602.27
	Total assets	**9,12,218.76**	**9,66,147.49**
IV	**Segment liabilities**		
(a)	Large corporate	62,953.00	90,027.42
(b)	SME	66,821.00	1,05,897.18
(c)	Commercial vehicles	2,78,394.00	2,92,185.14
(d)	Housing finance	91,714.00	79,806.71
(e)	Unallocated****	1,01,178.05	1,05,322.97
	Total liabilities	**6,01,060.05**	**6,73,239.42**

* *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 (from 14 February 2023); Whole time director (from 30 March 2023)

Deep Jaggi - CEO (upto 14 February 2023)

R. Sridhar - Vice-Chairman; (upto 17 April 2022)

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 2023	For the year ended 31 March 2022
Conversion of CCPS held by Holding Company to Equity shares of the Company	-	1,206.90
Dividend on CCPS paid to Holding Company	-	5,849.32
Upfront Fees	4,018.68	-

c) Transactions with key management personnel:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term employee benefits	209.11	305.57
Sitting fees to Non-Executive Independent Directors	40.54	58.97
Reimbursement of expenses	0.37	9.00

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		Key Managerial Personnel*
Loans outstanding	2023	2,500.00
	2022	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 2023	For the year ended 31 March 2022
Type of Services or service		
Syndication, advisory & other fees	5,416.58	4,439.22
Total revenue from contracts with customers	**5,416.58**	**4,439.22**
Geographical markets		
India	5,416.58	4,439.22
Outside India	-	-
Total revenue from contracts with customers	**5,416.58**	**4,439.22**
Timing of revenue recognition		
Services transferred at a point in time	5,416.58	4,439.22
Services transferred over time	-	-
Total revenue from contracts with customers	**5,416.58**	**4,439.22**

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Note 35

Contingent liabilities and Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities		
Corporate guarantee given by Company to banks	2,875.00	4,125.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	291.55	102.21
Loans sanctioned not yet disbursed	48,695.89	28,495.54

Note 36

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,749.94	2,884.20
Add: additions during the year	1,132.85	2,856.07
Add: Interest on lease liability	336.66	330.32
Less: Deletions	(720.55)	(900.56)
Less: Lease rental payments	(1,395.39)	(1,420.09)
	3,103.51	**3,749.94**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	882.80	1,321.01
Later than one year but not later than five years	2,427.27	2,825.51
Later than five years	680.81	675.59
	3,990.88	**4,822.11**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability		
Less than 12 months	611.79	1,017.48
More than 12 months	2,491.72	2,732.46
	3,103.51	**3,749.94**

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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 2023	As at 31 March 2022
a. Principal and interest amount remaining unpaid	10.89	30.20
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 at 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	-	-	-	-	-

As at 31 March 2022

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	26.83	3.37	-	-	30.20
(ii) Others	178.53	16.59	-	46.00	241.12
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

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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 2023	As at 31 March 2022
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	423.97	512.22
Fair value of plan assets as at the end of the year	4.36	4.09
Net asset / (liability) to be recognized in the balance sheet	**419.61**	**508.13**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	512.22	498.76
Current service cost	172.41	159.70
Past service cost	3.89	-
Interest cost	17.76	30.53
Benefits paid	(158.34)	(109.24)
Actuarial (gain) / loss on obligation	(123.97)	(67.53)
Projected benefit obligation at the end of the year	**423.97**	**512.22**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.09	3.84
Return on plan assets	5.07	3.52
Actuarial gain/(loss)	(4.80)	(3.27)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.36**	**4.09**
D. Amount recognised in the statement of profit and loss		
Current service cost	172.41	159.70
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	29.13	27.01
Expenses recognised in the statement of profit and loss	**201.54**	**186.71**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(4.26)	(28.25)
- change in demographic assumption	(74.44)	-
- experience variation	(57.83)	(34.15)
Return on plan assets, excluding amount recognised in net interest expense	4.80	(1.86)
	(131.73)	**(64.26)**
F. Assumptions used		
Discount rate	7.30%	6.95%
Salary growth rate	6.00%	6.00%
Withdrawal rates	50% at younger ages reducing to 10% at older ages	10% at younger ages reducing to 6% at older ages

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	418.04	430.08	874.59	953.95
Salary growth rate (0.5% movement)	430.11	418.20	948.93	878.41
Withdrawal rate (10% movement)	416.57	431.92	909.53	915.66

H. Other information:

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 88.61 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.24 years.

Note 39

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets minus total liabilities

Particulars	As at 31 March 2023		As at 31 March 2022	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	97.14%	3,02,255.29	98.26%	2,87,801.66
Subsidiaries				
IndoStar Home Finance Private Limited	17.26%	53,713.50	17.04%	49,901.47
IndoStar Asset Advisory Private Limited	0.15%	461.52	0.15%	451.45
Less: Inter-Company eliminations	-14.55%	(45,271.60)	-15.45%	(45,246.51)
Total	**100.00%**	**3,11,158.71**	**100.00%**	**2,92,908.07**

Share of Profit or Loss

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	83.17%	18,727.05	104.44%	(76,919.79)
Subsidiaries				
IndoStar Home Finance Private Limited	16.78%	3,777.54	-4.66%	3,430.83
IndoStar Asset Advisory Private Limited	0.04%	10.07	0.01%	(3.87)
Less: Inter-Company eliminations	0.00%	-	0.22%	(158.40)
Total	**100.00%**	**22,514.66**	**100.00%**	**(73,651.23)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(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 2023, 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 2023, 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	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
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 March 31, 2023

(Currency : Indian Rupees in Lakhs)

II. 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	15,10,500	3,48,000	17,19,500	30,27,500
Options granted during the year	-	9,84,500	-	-	-
Options forfeited / lapsed during the year	-	5,82,000	2,01,500	14,89,500	26,29,000
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	19,13,000	1,46,500	2,30,000	3,98,500
Number of options exercisable at the end of the year	13,200	3,32,000	1,46,500	2,30,000	1,63,500
The weighted average market price of shares exercised during the year ended 31 March 2023 (₹ Per share)	-	-	-	-	-

III. Option Movement during the year ended 31 March 2022

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	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Options granted during the year	25,000	14,53,000	-	-	2,50,000
Options forfeited / lapsed during the year	-	2,05,000	-	10,000	2,45,500
Options exercised during the year	-	2,50,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	2,50,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of options outstanding at the end of the year	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Number of options exercisable at the end of the year	7,700	1,58,900	3,03,600	1,74,600	4,04,200
The weighted average market price of shares exercised during the year ended 31 March 2022 (₹ Per share)	-	300.12	309.57	-	-

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)	149.37-437.00	139.00-437.00	255.00-328.00	437	288.20-437.00
No. of Options Outstanding as on 31 March 2023	35,700	19,13,000	1,46,500	2,30,000	3,98,500
Contractual Life (in years)	4.75	3.76	1.57	2.79	3.18

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(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:

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	NA	6.25%	NA	NA	NA
Weighted average expected life (in years)	NA	394.92%	NA	NA	NA
Expected volatility	NA	40.68%	NA	NA	NA
Dividend yield	NA	0.00%	NA	NA	NA
Exercise Price	NA	141.67	NA	NA	NA
Weighted average exercise price (₹ per share)	NA	141.48	NA	NA	NA

VI. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	As at 31 March 2023	As at 31 March 2022
Employee share based expense	(4,350.07)	1,989.44
Total ESOP reserve outstanding	2,074.82	7,081.96

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 on 31 March 2023			As on 31 March 2022		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	17,974.12	-	**17,974.12**	8,027.20	-	**8,027.20**
Bank balances other than cash and cash equivalents	1,880.49	21,723.10	**23,603.59**	2,783.97	38,154.46	**40,938.43**
Loans	1,75,355.77	4,76,211.23	**6,51,567.00**	1,42,864.10	6,27,829.76	**7,70,693.86**
Investments	85,640.00	18,294.67	**1,03,934.67**	31,703.13	23,063.90	**54,767.03**
Other financial assets	2,023.38	33,132.98	**35,156.36**	1,100.47	8,997.72	**10,098.19**
Non-financial assets						
Current tax assets (net)	-	5,607.74	**5,607.74**	-	6,896.18	**6,896.18**
Deferred tax assets (net)	-	31,643.62	**31,643.62**	-	31,669.41	**31,669.41**
Property, plant and equipment	-	5,353.44	**5,353.44**	-	7,271.54	**7,271.54**
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**
Intangible assets	-	2,351.56	**2,351.56**	-	1,311.70	**1,311.70**
Other non-financial assets	3,286.71	421.26	**3,707.97**	3,155.26	-	**3,155.26**
TOTAL ASSETS	**2,86,160.46**	**6,26,058.30**	**9,12,218.76**	**1,90,934.13**	**7,75,213.36**	**9,66,147.49**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As on 31 March 2023			As on 31 March 2022		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	794.21	-	**794.21**	271.32	-	**271.32**
Debt securities	32,010.36	78,876.59	**1,10,886.95**	1,58,593.53	39,200.09	**1,97,793.62**
Borrowings (other than debt securities)*	1,70,880.66	2,83,037.34	**4,53,918.00**	1,64,571.53	2,59,978.49	**4,24,550.02**
Other financial liabilities	30,223.36	2,991.71	**33,215.07**	46,403.51	2,732.46	**49,135.97**
Non-financial liabilities						
Current tax liabilities (net)	-	-	**-**	0.57	-	**0.57**
Provisions	162.18	393.75	**555.93**	192.74	509.15	**701.89**
Deferred Tax Liability	-	579.54	**579.54**	-	80.75	**80.75**
Other non-financial liabilities	1,110.35	-	**1,110.35**	705.28	-	**705.28**
TOTAL LIABILITIES	**2,35,181.12**	**3,65,878.93**	**6,01,060.05**	**3,70,738.48**	**3,02,500.94**	**6,73,239.42**

** also refer note 31(G)*

Note 42 - Other notes

Note 42.1

As indicated in the prior reporting periods, the Company engaged a leading professional services firm to assist it in undertaking a review of its loan portfolio. The final findings of this review were submitted to the Audit Committee on August 5, 2022. The Company made incremental ECL provisions based, among others, on the findings of this review in its financial statements for the financial year ended March 31, 2022. (also refer note 42.2 to the financial statements).

The Company subsequently engaged a leading law firm, to carry out a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Companies Act, 2013.

Note 42.2

In the financial statements for the year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during this period. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 42.1), no incremental provisioning is considered necessary during the year ended 31 March 2023.

Although the possibility that the control deficiencies that were identified could potentially have had an impact on the financial statements for periods ending prior to 1 April, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss on account of the following:

(i) impairment allowance on loan assets and investment in security receipts;

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(ii) loan assets written off; and

(iii) changes in fair value of financial guarantee contracts

when it finalised its financial statements for the year ended 31 March 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended 31 March 2023 may not be strictly comparable with the figures for the year ended 31 March 2022.

Note 42.3

Going Concern

As at 31 March 2023, the Company has equity which is significantly in excess of the minimum Capital Risk Adequacy Ratio (CRAR) that has been stipulated by the Reserve Bank of Indian (RBI) (including the proportion of Tier I Capital). Its liquid assets as of that date are also significantly in excess of the minimum stipulated by the RBI. Based on the Company's forecast of cashflows over the twelve months following 31 March 2023, the available liquid assets and the expected cash inflows would be sufficient to meet its liabilities even under a stressed scenario. Additionally, during the year ended 31 March 2023 and till the adoption of these financial statements, the Company has been successful in raising additional debt of ₹ 4,58,698.46 lakhs from banks and financial institutions and through securitisation (including ₹ 25,500.00 lakh subsequent to the balance sheet date). In view of the above, the Management has concluded that no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist as on the date of the balance sheet.

Note 42.4

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 approximately 32) aggregating ₹ Nil (previous year ₹ 21,461.69 lakhs) used for refinancing loans of the customers.

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 42.5

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 Benami Transactions (Prohibition) 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 43

Figures for the previous year have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

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: 25 May 2023

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 2022 to 31 March 2023	1 April 2022 to 31 March 2023
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	460.52	8,713.50
6	Total Assets	465.80	145,427.24
7	Total Liabilities	465.80	145,427.24
8	Investments	-	3,500.54
9	Turnover	-	20,829.67
10	Profit / (loss) before taxation	12.80	5,123.17
11	Provision for taxation	2.73	1,345.63
12	Profit / (loss) after taxation	10.07	3,777.54
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 liquidated 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: 25 May 2023

INDOSTAR

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