INDOSTAR

LIFE KA TAKE-OFF

2021-22 ANNUAL REPORT

INDOSTAR CAPITAL FINANCE LIMITED

CONTENTS

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₹9,658 crore
(₹8,247 crore)
AUM

AA-
Credit Rating by CRISIL

25.8%
(29.0%)
Capital Adequacy Ratio

6.4%
(3.6%)
Net Stage 3

404
(413)
Branches

2.1x
(2.0x)
Debt:Equity

53.7%*
Cost to income ratio

₹376 crore**
(₹679 crore)
Cash and cash equivalents

** Excluding one-off costs*

*** At standalone level*

As on March 31, 2022;
figures in brackets are for June 30, 2022

The last two years were challenging. The pandemic, decline in economic activities, and concerns over regulatory changes and stressed assets which necessitated taking corrective actions, significantly impacted operations.

Yet, we remained steadfast and endured it all.

We identified stressed pool in our commercial vehicle portfolio and made credit cost provisioning. With sustained efforts for settlements and sell-offs, we focused on reducing stress book, and it presently stands at ~5%* of total Assets under Management (AUM). As a part of retailisation strategy, we reduced corporate loan book and emphasised on retail portfolio to bring more granularity to business. Further, an incremental funding was raised which places us comfortably in terms of liquidity position, underpinned by high capital adequacy and a solid cash position. We have also improved upon the controls, policies, technologies and systems.

Moving forward, we maintain an unwavering focus on resolving the pressing issues to refresh and rejuvenate ourselves. We are committed to making stronger efforts to further reduce stress book, improve our asset quality and reinforce our balance sheet position.

**As on June 30, 2022*

ABOUT INDOSTAR CAPITAL FINANCE

We are a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. Led by a retail focused business model and having a strong liquidity and capital position, we are competitively placed in the industry.

We are a professionally managed company, with Brookfield and Everstone as the co-promoters.

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

Become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base, and deliver greater value to our stakeholders.

MISSION

To support the aspirations and the entrepreneurial spirit of our customers and be the catalyst in their "LIFE KA TAKE-OFF". To create a collaborative environment for the employees and business partners.

AREAS WHERE WE OPERATE

CV Finance

We provide financing for used and new Commercial Vehicles.

Housing Finance

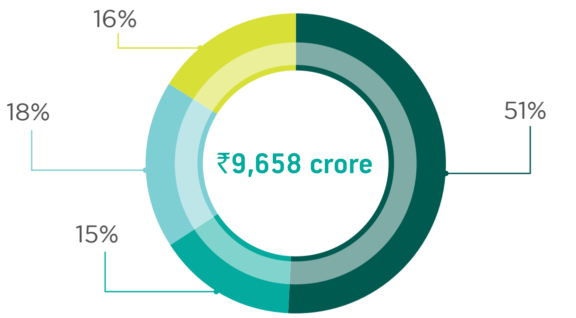
Our wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home financing solutions to self-employed and salaried customers.

SME Finance

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

BUSINESS-WISE CONTRIBUTIONS

Assets under Management



CV Finance
Housing Finance
SME Finance
Corporate Lending

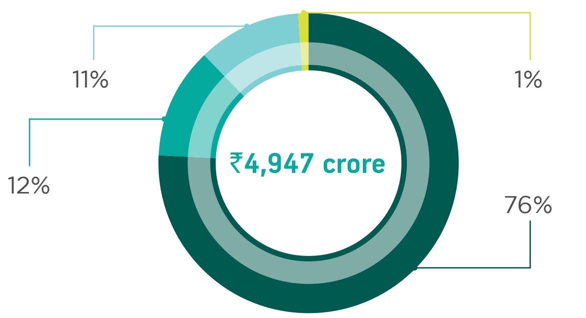
₹4,908 crore
CV Finance

₹1,406 crore
Housing Finance

₹1,776 crore
SME Finance

₹1,543 crore
Corporate Lending

Gross Disbursements



CV Finance
Housing Finance
SME Finance
Corporate Lending

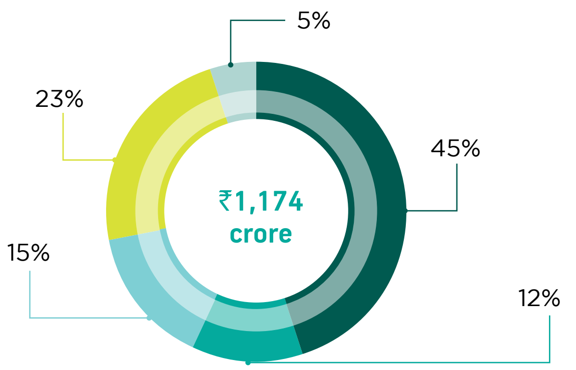
₹3,743 crore
CV Finance

₹579 crore
Housing Finance

₹564 crore
SME Finance

₹61 crore
Corporate Lending

Revenue



CV Finance
Housing Finance
SME Finance
Corporate Lending
Others

₹522 crore
CV Finance

₹145 crore
Housing Finance

₹180 crore
SME Finance

₹274 crore
Corporate Lending

₹53 crore
Others

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The last two years were challenging for the Indian economy due to the pandemic. The automotive industry which was already in a downcycle due to transition towards e-mobility and change in emission norms, took a further hit as discretionary spending declined and supply chain got disrupted. This disproportionately impacted the businesses of our customers in the CV Financing segment as they faced market disruption reducing their ability to repay borrowings. The immediate impact of this was a spike in our stress pool and NPAs, given our significant exposure to commercial vehicle (CV) financing. We have recognised and transparently disclosed the same, alongside making necessary ECL provisions and write-offs.

We have taken concerted efforts to reduce the stress. Proactive engagement was made with customers for settlements and nearly 50% of the stress book have been sold to an ARC. Our CV Stage 3 book now stands lower at ₹ 401 crore, which is ~5% of the total AUM as of June 30, 2022. With strong commitment of the Promoters, your Company raised funding of ₹ 1,850 crore during April 1, 2022 to August 10, 2022. At standalone level, our capital adequacy ratio now stands at 29.0% and cash and cash equivalents at ₹ 679 crore as on June 30, 2022. At consolidated level, the Gross Stage 3 and Net Stage 3 on this date was at 8.2% and 3.6% respectively.

Additionally, we have strengthened controls, reviewed policies and upgraded technology systems right from loan origination, credit appraisal, disbursal, loan management and collection processes.

We have strengthened controls, reviewed policies and upgraded technology systems right from loan origination, credit appraisal, disbursal, loan management and collection processes.

The year as it was

FY 2022, has been a year of recovery. Despite the challenges around second wave of pandemic and micro headwinds, the Indian economy staged a good comeback since Q2 FY 2022.

All sectors of the economy witnessed good momentum, before temporarily slowing down due to the third COVID wave and the onset of the Russia-Ukraine war. The banking and financial services sector, including the NBFC sector, were beneficiaries of greater economic activity, and saw a resurgence in lending activities. The sectors of commercial vehicle (CV) and affordable housing, where we are primarily focused on, also rebounded post few years of slump. This led to a 171% growth in our disbursals during FY 2022.

In the CV finance business, we continued to strengthen our niche in the used CV segment alongside enhancing our national presence by adding 162 new branches. Total disbursals in this business were ₹ 3,743 crore as compared to ₹ 947 crore in FY 2021. The total AUM of the segment stood at ₹ 4,908 crore as on March 31, 2022. The affordable housing finance subsidiary continued its strong performance. With a disbursal of ₹ 579 crore, the total AUM of this business stood at ₹ 1,406 crore as on March 31, 2022, a growth of 41% over the previous year. The Gross Stage 3 for our housing finance business at 1.8% remains one of the lowest in the industry, and it continues to demonstrate strong asset quality. Disbursements in SME in FY 2022 were ₹ 564 crore as compared to ₹ 374 crore in FY 2021.

Moving ahead

The outlook for the Indian economy remains positive amidst global turmoil, and it is expected to grow by 8.2% in FY 2023. While non-banking financial institutions may face some headwinds due to moderately high inflation and interest rate hikes, as per the RBI's assessment, the industry is well-placed with sufficient capital buffers to withstand negative shocks. The revival in CV and affordable housing finance is likely to continue into FY 2023, and augurs well for the industry players.

Internally, we have made strides towards rebuilding the leadership. Deep Jaggi has been promoted as the new CEO and several experienced leaders have joined in critical functions of risk, finance and operations. I heartily welcome the new members and look forward to their sustained support towards rebuilding the Company. Finally, on behalf of the entire Board, I thank all our stakeholders for trusting and supporting us. We have been on a transformation journey, and will continue to work towards strengthening our franchise.

Warm regards,

Bobby Parikh
Chairman

INDOSTAR

CEO'S REVIEW

DEAR SHAREHOLDERS,

It is a privilege for me to take on the role as the CEO at IndoStar Capital Finance, which I joined two years back. My induction back then was a part of well-thought succession plan, involving a 5-year business strategic and growth plan.

While I am enthused by this new responsibility, it comes at a time when the Company is faced with the challenging circumstance of stressed assets. It has been encouraging to work alongside colleagues and the promoters who showed urgency and extended their full support in overcoming the situation. We have already taken measures to reduce the stress book and raised incremental funding. Our efforts continue to be around further reducing the stress and improving the quality of assets.

Performing amidst challenges

FY 2022 saw the Indian economy continuing to put up resilience amidst multiple challenges, including resurgent pandemic waves, rising input prices and supply chain disruptions. However, accelerated vaccinations along with the country's strong fundamentals and improving consumer sentiments contributed to buoyancy in the economic activities, resulting in a GDP growth of 8.7%.

The NBFC sector too displayed immense resilience and benefited from the broad economic revival, recording growth in disbursements and AUM during CY 2021. This is expected to continue into CY 2022 supported by uptick in the economy and improved balance sheet, provisioning and liquidity position of companies.

In a welcome move, the RBI tightened supervision over the NBFCs by introducing scale-based regulation and revised NPA recognition and upgradation norms during the fiscal. While this resulted in surge in NPAs primarily because of change in accounting metrics, it will help in increasing market discipline.

Given the challenging operating context, your Company has delivered a satisfactory performance. Our net revenue from operations grew by 10% to ₹ 638 crore in FY 2022 from ₹ 581 crore in the previous year. Disbursements during the year were ₹ 4,947 crore in FY 2022 from ₹ 1,827 crore in FY 2021, indicating a growth of 171%. Our AUM as on March 31, 2022 stood at ₹ 9,658 crore, 84% of which was retail AUM as compared to 78% in the previous year. We made Pre-Provision Operating Profit (PPOP) in every quarter of FY 2022, and for the full year this amounted to ₹ 262 crore as compared to ₹ 268 crore in FY 2021. However, ECL provisions and write-offs required on stressed loans resulted in net loss..

At consolidated level, our Cost to Income ratio stood at 59.2% (excluding one-off costs) and debt-equity ratio of 2.0x. At standalone level, we are comfortably placed with a strong liquidity position, as evident in a capital adequacy ratio of 29.0%, debt-equity ratio of 1.7x and cash and cash equivalents of ₹ 679 crore as on June 30, 2022.

Focusing on business quality

Our intent is to be a purely retail finance company, and this underpins our efforts to bring more granularity to business. Additionally, we have narrowed down business development focus to CV and housing financing with more stringent credit appraisal standards. We expect these to reduce chances of defaults.

At the same time, we have strengthened collection mechanism by adding more people and a separate collection centre. It is enabling robust collections, and since the last few months, we are consistently surpassing 120% collection efficiency, indicating clearances of old delinquencies. Besides, 90% of our fresh disbursements are in Stage-1.

Building on competitive edge

In an improving market context, alongside our efforts to strengthen balance sheet, we have focused on building competencies.

The year saw us reinforce our subsidiary IndoStar Home Finance which handles the home loan portfolio. It has been recapitalised and new leadership positions of Non-Executive Independent Chairman and Deputy CEO have been created with highly distinguished and experienced individuals. I am sure with their experience this company can reach newer heights.

People and technology are a key differentiator in this competitive space. And so, we have added many high performing people including in the leadership positions. This includes a Chief Technology Officer to drive our technology ambitions. Our focus is to automate operations to achieve higher productivity and provide digital platforms to elevate experiences.

We further entered into co-lending arrangements with Shrinithi Capital, an NBFC having penetration in tier III and IV cities.

Closing comments

I thank all our stakeholders for standing by us in tough times. We seek your continued support and guidance as we move forward with the right leadership and right strategies to emerge stronger.

Regards,

Deep Jaggi
Chief Executive Officer

FOCUSSING ON THE RIGHT AREAS

We are committed to building an organization for the long term. And so, we are proactively targeting the right business segments which are safe and have strong business potential. Alongside, we are acting to strengthen our business fundamentals.

TARGETING THE RIGHT BUSINESSES

While we have been operating in diverse business areas, we have now sharpened focus on two critical verticals – commercial vehicle (CV) and affordable housing financing. A robust roadmap has been created and business strengthening efforts are being taken to unlock value from them. Besides, these businesses will complement our aspiration of becoming a pure 100% retail finance company.

Affordable Housing financing

The segment, operated by our wholly-owned subsidiary IndoStar Home Finance, caters to home loan needs of low-income customers who are primarily salaried or self-employed and belong to tier II and III cities. With immense opportunities coming from the Government schemes like Prime Minister's Awas Yojana and increased focus of the industry in this segment, we see good opportunities.

In FY 2022, we have recapitalized this business by ₹ 250 crore. We are taking actions to make this business independent and further improve its robust processes and people capabilities. In line with this, we have appointed Mr. Ravi Narayan as a Non-Executive Independent Chairman. Bringing extensive experience and expertise in retail banking, auto finance and housing finance, he will provide mentoring and guidance towards unlocking value.

CV financing

The CV industry after languishing for a long period has started to revive. A good monsoon, infrastructure creation focus of the government and the vehicle scrappage policy are expected to drive the industry's growth. Within the segment, we have a clear focus on pre-owned and retail space.

The pre-owned space has tremendous opportunity and has few operational players to cater demand, majority of whom are unorganized and charge high interest rates. The segment also has higher IRR.

The retail space for us entails individuals with 3-10 vehicles. This will minimize chances of losses, as owners with three vehicles have a repayment history thereby allowing better customer profiling.

REINFORCING CAPITAL POSITION AND BALANCE SHEET INTEGRITY

Our Company raised ₹ 1,850 crore during April 1, 2022 to August 10, 2022. This is an indicator of financiers trusting our business model as well as the commitment of our promoters towards the Company who with their strong banking relations helped raise funding. We are now comfortably placed in terms of liquidity position.

Our improved liquidity position
(as on June 30, 2022)

29.0%
Capital Adequacy Ratio*

320 bps from 25.8% as on March 31, 2022

2.0x
Debt:Equity ratio

2.1x as on March 31, 2022

₹679 crore
Cash and cash equivalents*

81% from ₹ 376 crore as on March 31, 2022

*at standalone level

SCALING TECHNOLOGY CAPABILITIES

Building on technology is key driving our productivity and competitive edge. We are continually investing in automation and smart branches facilitating self-service capabilities. The technology function has been strengthened with the induction of Chief Technology Officer, who comes from a extensive FinTech experience.

We have also developed an app, go-digit app, with the help of KPMG which is in pilot stage.

STRENGTHENING COLLECTIONS

In FY 2022, we added 175 dedicated people in our collections team, taking the total to 407 as on March 31, 2022. Further, we have dedicated 100 people approx. to collect old loan book. We have also bought a separate collection calling centre to regularly follow-up with customers and prevent new slippages. This has enabled us to achieve strongest collections at ₹ 3,642 crore in FY 2022 with an efficiency of 151%.

Achieving strongest collections in FY 2022

₹3,642 crore
Collections

76% from ₹ 2,073 crore in FY 2021

151%
Collection efficiency

82% in FY 2021

SHARPENING FOCUS ON COSTS

Reducing costs is an important focus area. We are achieving the same through higher productivity led by our technology infrastructure. We have also adopted a strategic shift in product line, reducing exposure to risky bus and corporate segments and at the same time increasing focus on pre-owned car financing which has higher IRR.

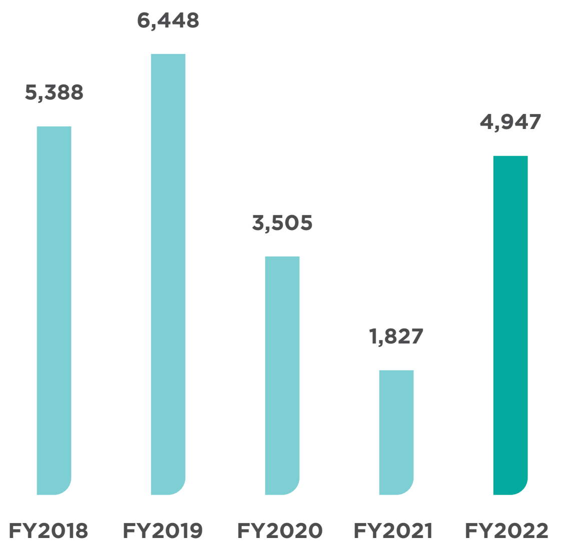
Further, we look to reduce new branch related capex. We are increasingly targeting to open spoke branches which requires less investments as well as smart branches which can operate with less manpower. We are also leveraging our co-lending tie-ups to tap incremental business opportunity at low costs.

KEY PERFORMANCE INDICATORS

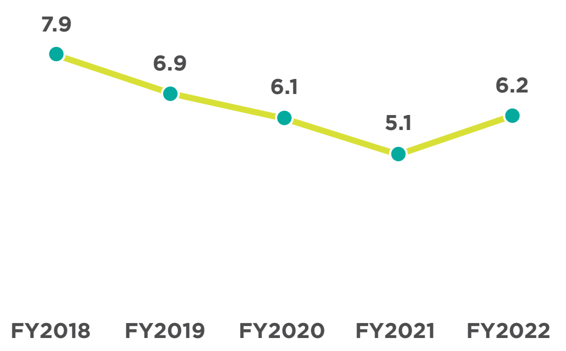
Total Income (₹ crore)

Assets Under Management (₹ crore)

Gross Loan Disbursements (₹ crore)



Net Interest Margin* (%)



* NIM is calculated as Net Interest Income divided by Interest earning assets

ACTING TO SUPPORT AND EMPOWER COMMUNITIES

We are focused on bringing meaningful change in the communities. We contribute towards supporting initiatives around us which drive value creation for the community.

PROMOTING EDUCATION

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

Avasara Leadership Institute (Avasara)

We supported Avasara for the seventh year, by contributing towards two of its programs – Avasara Academy and Avasara Leadership Fellows.

Avasara Academy is a first-of-its-kind residential secondary school to enable girls aged 12-18 years emerge as confident leaders. It provides a holistic educational experience that cultivates both academic and leadership potential. Our contribution supported the education of 10 students.

Avasara Leadership Fellows is a selective, intensive after-school enrichment opportunity for able, highly motivated adolescent girls. It focuses on their personal leadership style and academic excellence. We contributed towards supporting the education of students in Grades 9 and 10.

KHUSHII Foundation

KHUSHII (Kinship for Humanitarian, Social and Holistic Interventions) aims to generate maximum impact for the underserved communities through creating a culture of giving to promote equity. Its Adapt Impact Education project focuses on improving teaching, learning experience, counselling children and working on psychological development. Our contribution was utilized for 500 students from classes II to VIII and 100% of the students received counselling.

Rays of Hope Charitable Trust

We supported Priyanj Special School by Rays of Hope Charitable Trust for the fourth year. It provides special education

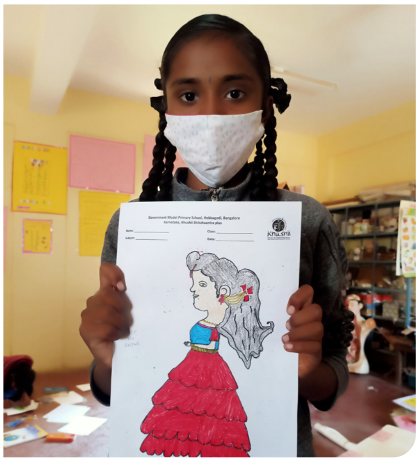
services to children having autism like remedial teaching, behaviour therapy, computing / social / daily living skills, arts and crafts and occupational therapy services, speech therapy, vocational training and other extra-curricular activities. Our fund was used to educate 10 children.

TASK – Vocation for differently abled

We supported TASK for the third year in its effort to provide vocational training to differently abled adults. They are trained on making block printed sling bags, shoulder bags, handkerchiefs, paper block printed and laminated table mats, hand painted wooden tea coasters and handmade soaps. It also trains them in taking up professional courses in vocational training

WOMEN EMPOWERMENT

We supported Janvikas in their Driverben project for the third year. The project encourages and trains 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 contributed to support the training of 50 women.



OUR BOARD OF DIRECTORS

MR. BOBBY PARIKH
Chairman and Non-Executive Independent Director

He has nearly three decades of experience in financial services industry/reorganisations. His area of focus is providing tax and regulatory advice in relation to transactions and other forms of business reorganisations. He has founded Bobby Parikh Associates, a boutique firm focussed on providing strategic tax and regulatory advisory services. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) and holds a Bachelor of Commerce degree from the University of Mumbai.

MR. DEEP JAGGI
Chief Executive Officer

He has over 20+ years of experience across Asset Finance and ther retail businesses. He previously worked with HDB, Cholamandalam Finance and Apollo Tyres. He holds Bachelor degree in Commerce, Master degree in Commerce and has completed his post graduate diploma in Business Administration from University of Kanpur.

MR. DHANPAL JHAVERI
Non-Executive Director

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 this, he 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. He holds a degree in Bachelor of Commerce from the University of Mumbai and an Master of Business Administration (MBA) from Babson College, USA.

MR. VIBHOR KUMAR TALREJA
Non-Executive Director

He joined Everstone in 2019 as a Managing Director to lead the financial services sector along with other responsibilities. Prior to this, he was a Director at Temasek India for over 12 years, where he led decision-making on investments and divestments of over US$ 2 billion each across both private and public transactions. He has extensive experience in Financial Services, Industrial/Consumer, Real Estate and 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

He is a Managing Director in Brookfield's Private Equity Group. He heads Brookfield's private equity business in India where he is responsible for conceptualising strategy, nurturing and developing a high-quality team, building a robust sourcing engine, and leading deal execution and ongoing portfolio monitoring. He joined Brookfield in March 2019. Previously, he was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to this, he worked at The Blackstone Group in India, focussing on investment opportunities primarily across technology services and business services, and at Morgan Stanley in India, engaged in fund raising and M&A across technology services, business services, telecom, amongst other industries.

He holds an MBA 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 ICAI. He is a member of FICCI's National Committee on Private Equity for India.

MR. MUNISH DAYAL
Non-Executive Director

He 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, he 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. He has 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. He is a commerce graduate from Shri Ram College of Commerce, University of Delhi and an MBA from Faculty of Management Studies, University of Delhi.

MR. HEMANT KAUL
Non-Executive Independent Director

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

MS. NAINA KRISHNA MURTHY
Non-Executive Independent Director

She has more than two decades of experience in the legal sector. Founder and Managing Partner of Krishnamurthy & Company, she is a trusted legal advisor to numerous corporations. Over the years, she 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.

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,
Chief Executive Officer
(appointed with effect from February 10, 2022)

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. Amol Joshi *(till December 27, 2021)*

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

CIN:

L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

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Senapati Bapat Marg,
Mumbai – 400 013
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Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

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Asian Building, Ground Floor, 17, R Kamani Marg,
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Tel No.: +91 22 40807000
Fax No.: +91 22 66311776
E-mail: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT

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

BANKERS / FINANCIAL INSTITUTIONS

Aditya Birla Sun Life Mutual Fund
Axis Mutual Fund
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Baroda BNP Paribas Mutual Fund
CSB Bank Limited
Central Bank of India
DCB Bank Limited
DBS Bank Limited
DSP Mutual Fund
Franklin India Mutual Fund
HDFC Bank Ltd
ICICI Bank Ltd
IDFC First Bank Ltd
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
Industrial Development Bank of India Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
Kotak Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
Nippon Life India Mutual Fund
RBL Bank
SBI Mutual Fund
Small Industries Development Bank of India
South Indian Bank Limited
State Bank of India
Sundaram Mutual Fund
Union Bank of India
Yes Bank Limited

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

GLOBAL ECONOMY

Global growth is projected to moderate from an estimated 6.1% in CY2021 to 3.6% in 2022 and 2023 according to the International Monetary Fund's World Economic Outlook. The global economy had recovered strongly in CY2021 even as new variants of the COVID-19 virus fuelled additional waves of the pandemic. Robust policy support in the advanced economies, availability of vaccines and relaxation of pandemic restrictions helped the economies bounce back, collectively expanding world output. However, the world economy, which had already been battered through 2021 by multiple waves of the pandemic, supply chain and logistics disruptions, elevated inflation and bouts of financial market turbulence, received a brutal blow with the escalation of geopolitical tensions into a war in Europe from February 2022.

The global economic system already weakened by the pandemic, working under tighter financial conditions and a worse-than-anticipated slowdown in China, in now dealing with war induced petroleum and commodity price increases. Broadening price pressures have led to an inflation projection of 5.7% in advanced economies and 8.7% in the emerging markets and developing economies.

The global economy had recovered strongly in CY2021 even as new variants of the COVID-19 virus fuelled additional waves of the pandemic. Robust policy support in the advanced economies, availability of vaccines and relaxation of pandemic restrictions helped the economies bounce back, collectively expanding world output.

Multilateral efforts are essential to respond to the humanitarian crises, prevent further economic fragmentation, maintain global liquidity, manage debt distress and tackle climate change.

INDIAN ECONOMY

India's GDP growth in Financial Year 2021-22 is estimated at 8.9%, compared to a contraction of 7.3% in Financial Year 2020-21. Mobility indicators including collections from GST, toll and e-way bill generations signal the recovery to pre-pandemic levels from February 2022.

The International Monetary Fund (IMF) has lowered the forecast for India's economic growth to 7.4% in 2022-23 and to 6.1% in 2023-24, citing the economy's

Over the past few years, Non-Banking Financial Companies (NBFCs) have played a prominent role in the Indian financial system, as they provide affordable and easy access to credit to the under-served sections of the society, thus enabling financial inclusion.

vulnerability to external shocks and rapid monetary policy tightening. In the World Economic Outlook (WEO) update, the IMF suggests policymakers prioritise taming inflation through further monetary policy tightening. However, despite the downgrade, India still continues to remain one of the fastest growing key economies in the world in 2022-23 and 2023-24. The Reserve Bank of India (RBI) has projected the economy's growth for 2022-23 at 7.2%.

As the Indian economy started witnessing green shoots of recovery after the first wave of COVID-19 pandemic, the second wave struck hard in FY 2022. Nevertheless, unlike the nationwide lockdown during FY 2021, state-level localised lockdowns and a targeted containment strategy led to a less pronounced impact on the Indian economy. Rapid roll-out of vaccination drives and Governmental support led to upticks across a range of economic indicators, including the mobility index, direct tax collections, and the return of electricity demand, indicating positive levels of growth.

Disruptions in global energy markets have led to increased commodity prices, and increased freight costs, hence the pressure on consumer prices is expected to continue in FY 2023. The RBI announced its first-rate hike since August 2018 (a cumulative of three successive hikes in repo rate by 140 basis points since May 2022) taking its repo rate or its short-term lending rate to 5.4%, at the time of this report. The central bank is using its policy levers to preserve macro-economic and financial stability, while enhancing the economy's resilience and progressively absorbing excess liquidity in the system through variable rate reverse repo operations. This has been in conjunction with the selling of Govt Securities (G-Sec) through open market operations.

Key Growth Drivers

Favourable demographics: As of 2020, India has one of the world's largest young populations, with a median age of 28 years. About 90% of the Indians are below the age of 60 years, while 63% of them are between 15 years and 59 years. In comparison, in 2020, the United States (US), China and Brazil had 74%, 62% and 78%, respectively, of their population below the age of 60 years.

Urbanisation: Urbanisation is one of India's most important economic growth drivers as it drives investment in infrastructure development. In turn, this is expected to lead to job creation, development of modern consumer services and an increased ability to mobilise savings. The country's urban population has been rising consistently over the decades. In 1950, 17% of total population were categorized as urban. As per the 2018 revision of World Urbanization prospects, this has been estimated at 34% for India, and is seen further increasing to 37% by 2025.

Increasing per capita GDP: As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.7% compound annual growth rate (CAGR) from FY 2020 through to FY 2025. Financial penetration is set to rise with an increase in the awareness of financial products. With increasing financial literacy and awareness, mobile penetration, and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), India has witnessed a definite rise in the participation of individuals from non-metro cities in availing banking services.

A growing NBFC sector

Over the past few years, Non-Banking Financial Companies (NBFCs) have played a prominent role in the Indian financial system, as they provide affordable and easy access to credit to under-served sections of society, thus enabling financial inclusion. The Government has consistently worked on governance measures to strengthen the systemic importance of NBFCs in India. The range of services provided by NBFCs include vehicle financing, affordable home financing, MSME financing, and financing of other retail segments. NBFCs have revolutionized the Indian lending system and leveraged digitization to drive efficiency and provide customers with a quick and convenient financing experience.

The balance sheet of non-banking financial companies (NBFCs) expanded in FY 2021-22 (up to December 2021), but the sector's asset quality has deteriorated. Nevertheless, capital cushions have showed an improvement. In October 2021, given the growing interconnection of NBFCs with other segments in the financial ecosystem, the Reserve Bank issued guidelines for them on scale-based regulations. In December, it also issued guidelines to extend the prompt corrective action (PCA) framework for NBFCs. This framework is applicable to all non-government NBFCs in the middle, upper and top layers excluding the primary dealers, housing finance companies and the NBFCs which are not accepting public funds. These measures have strengthened their financial health.

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India has one of the lowest credit penetrations among the larger economies. And retail credit presents a large growth opportunity driven by long-term trends in democratisation of credit, rising household incomes and increased consumption.

Key highlights of FY2022

- RBI continued to ensure adequate liquidity in the system, with stable interest rates during each quarter, with the fourth quarter witnessing a slight uptick in interest rates.
- In November 2021, RBI issued guidelines on harmonising Non-Performing Assets (NPAs) across the financial system. On February 15, 2022, it clarified that the revised NPA norms will be applicable from September 2022.

COMPANY OVERVIEW

IndoStar Capital's journey

The past two years have been a journey of resilience, determination and persistence for the Company. Despite a challenging macro-economic environment, the Company's determination and hard work helped it overcome the difficult times.

In the first half of the year under review, business was partially disrupted due to the second wave of the COVID-19 pandemic, but this was followed by a sharp recovery in the second half. The third COVID-19 wave in January 2022 witnessed a drastic rise in infections, but these were less severe and caused minimal disruption.

Change of Leadership and Recent Key Developments in IndoStar Capital Finance Limited

The Company announced a succession plan with the appointment of Mr. Deep Jaggi as the Chief Executive Officer of the Company. Prior to this, he was the Chief Business Officer (CBO) of IndoStar, responsible for the overall retail business development and collections. Under his leadership, the retail business managed to establish a pan-India presence by adding resources in the northern and eastern regions in India. Mr. Jaggi brings with him over two decades of rich experience with HDB Financial Services (a wholly-owned subsidiary of HDFC Ltd.), Cholamandalam and Apollo Tyres. He is all set to lead IndoStar through its next phase of retail growth and further value creation.

The Company has also appointed a new CRO.

Review of Commercial Vehicle Loan Portfolio, Additional ECL and Write-offs

The Audit Committee of IndoStar Capital Finance Ltd, in its meeting held on March 31, 2022, was informed by the management that certain observations and control deficiencies were observed during the course of the interim statutory audit of the annual financial statements of the Company. This was specifically in the Commercial Vehicle loan segment, as part of the review of the Company's loan portfolio, including a review of the policies and procedures.

The Audit Committee was informed that the control deficiencies were primarily with respect to sanctioning of loans to the existing customers, loan documentation and policy implementation gaps. It further appears that such aspects were primarily concerned with a part of the Commercial Vehicle Loan Portfolio and may have risen pursuant to liquidity concerns with customers caused by the onset of the COVID-19 pandemic.

Ernst & Young LLP conducted a review of the policies, procedures and practices of the Company related to sanctioning, disbursement and collection of the Commercial Vehicle Loan Portfolio, along with assessing the adequacy of the expected credit loss allowance. It made below observations:

a. Deviations from the credit policy of the Company in approval processes for loans to existing customers and waivers in foreclosures of certain loans;

b. For restructured loans, the Company did not follow the stipulated process as detailed in the control description.

The final findings of the Loan Portfolio Review were submitted to the Audit Committee on August 5, 2022 ("Portfolio Review Findings"), which was appropriately accounted for in Q4 earning.

The Audit Committee appointed an external law firm along with an external agency in this regard ("Conduct Review"), which is expected to be completed by end of September 2022.

Overview of Business Segments

Commercial Vehicle Finance

The automotive industry has grown tremendously in the past decades and is considered to be one of the major drivers of economic growth due to its linkages with multiple industries. The industry is one of the largest in the world and also a major exporter. The Automotive Mission Plan (AMP) 2026 envisions that the Indian automotive industry to become one of the world's top three in terms of engineering, manufacture and export of vehicles.

The growth of the automobile sector benefits the commodity sector significantly, with steel, aluminium, and plastic, among others, being the key raw material in vehicle manufacturing. The sector also holds key importance for NBFC/Banks as they offer credit for automobile financing. Commercial and passenger vehicles registered double-digit growth during FY 2022, following two years of continuous de-growth. This year, growth has been backed by an improvement in economic activity, revival of construction and mining activities and better semi-conductor supplies towards the end of the year.

The domestic Commercial Vehicle industry grew by 26% in FY 2022, supported by a low base and with economic activity picking up. Medium and heavy commercial vehicles (MHCV) recorded a 54% growth, light commercial vehicles (LCV) grew by 15% and small commercial vehicles (SCV) registered 23% growth during the year under review. The Commercial Vehicle segment is expected to deliver double digit growth in FY 2023 driven by freight and replacement demand, which had been postponed over the last two years, structural economic recovery and higher infrastructure spends by the Government. However, inflation in fuel prices and its impact on viability of fleet operators will continue to be a key challenge in the year ahead.

Pre-owned Commercial Vehicle financing continued to be focus area for the Company. It has been well established in the segment and has created a sustainable competitive advantage through its deep understanding of the borrower profile and their credit behaviour. Pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers 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 Company has been on a journey to corporatise its pre-owned Commercial Vehicle financing business

in India. Its key strengths and domain expertise helps it provide finance to pre-owned Commercial Vehicle operators at favourable interest rates and repayment terms, as compared with private financiers in the unorganised sector. The Company's credit evaluation techniques, relationship-based approach, extensive branch network and strong valuation skills make its business model unique and sustainable, as compared with other financiers. Further, the business model has the advantage of being scalable at the local level throughout India.

Housing Finance

India's Housing Finance market, currently valued at about ₹ 24 lakh crore, is expected to double in the next five years. The share of housing loans in bank credit increased to 14.4% this year – from 13.1% in March 2020, with maximum number of disbursements in Tier 3 & 4 cities. The affordable housing finance grew 20% year-on-year in fiscal year ending March 2022. Affordable housing finance companies are expected to report healthy profitability metrics.

The growth rate of affordable housing finance market is pegged at around 6% to 8%, given that the impact of COVID-19 on this segment (Economically Weaker Sections, Lower Income Group and Middle-Income Group customers) was more severe vis-à-vis the overall housing finance segment. The first quarter of the year under review was significantly impacted by the second wave of the pandemic and its impact was felt through subsequent quarters. In terms of ticket size, the sub-INR 25 lakh segment contributes more than 43% of the total mortgage outstanding in the housing finance industry. The housing sector is projected to grow by 10% to 12% in FY 2023 and affordable housing will grow by 7% to 9% during the same period. With a gradual pick-up in demand for housing credit in the last two quarters of FY 2022, most of housing finance companies touched near pre-COVID level disbursements and are striving to achieve even higher disbursement targets.

The Government's initiatives have prompted developers to explore affordable housing as a new area. Going ahead, about half of the incremental supply being added in urban stock is expected to be through affordable housing. Additionally, the formalisation of this industry is bringing in more transparency and resulting in an increase in consumer demand.

India's typical affordable HFC customer lives in Tier 2&3 cities; is new to the concept of credit; earns a low informal income; doesn't possess income documents; and is usually self-employed. This warrants the use of specialized expertise in addition to that being used in conventional lending.

Key characteristics of Affordable Housing Finance in India:

- Low average ticket size: Nearly 70% of the housing loans are for ₹ 10 lakh or lower.
- Self-employed: Nearly 85% of affordable HFCs cater to the growing needs of self-employed, where yields are typically higher than the salaried segment.
- Housing format: Much of the housing finance is aimed at for single units and self-occupied houses, indicating they are for active use and not for the purpose of investment.
- Low loan-to-value ratio: More than 60% of the housing loans made in Affordable Housing Finance have a Loan-To-Value (LTV) ratio of less than 70%, indicating higher commitment by the borrower and correspondingly lower risk for the lender.
- Undocumented income: The Affordable Housing Finance segment is marked by a distinctive reality where most of the borrowers lack any documented formal income. Affordable loans are mostly sought by "new to credit" customers and the entire process warrants a cash flow-based assessment.

Affordable housing accounts for the biggest share in India's housing finance sector. A major section of this space stays in non-formal Tier 2&3 cities and are freshly introduced to the facility of credit. These customers have a shallow informal income and are mostly self-employed without any formal income documents.

The housing finance segment is expected to witness strong growth in the long term, as more Indians construct or purchase homes. As the Indian economy revives and gains more strength post COVID, the mortgage-to-GDP ratio of 11% (substantially less compared to other nations) could correct itself upwards, growing the sector to US$ 750 billion in the next five years. The sector is seen expanding owing to key growth drivers like continuous population growth, increased non-metro growth, higher per capita

Affordable housing accounts for the biggest share in India's housing finance sector. A major section of this space stays in non-formal Tier 2&3 cities and are freshly introduced to the facility of credit.

income, home ownership preference, affordable home costs, continuous government support and sectorial under-penetration.

SME Finance

The MSME sector in India has given a major boost to the Indian economy. Over 63 million MSMEs spread across the country contributed 30.5% to India's GDP in FY 2019 and 30% in FY 2020, making a crucial contribution to the Indian economy. It is also responsible for more than 50% of the country's total exports. It also contributed one-third of India's manufacturing output, employing more than 11 crore people, aiding in industrialization of rural areas at minimal capital cost. The sector has made significant contribution to the country's socio-economic growth and complemented major industries as well. Moving forward, the Government has set a target of increasing MSME's contribution to the GDP from 30% or US$ 1 trillion to 40% or US$ 2 trillion of the targeted US$ 5 trillion economy by 2025. It has also set a target of increasing its share to exports to 60% and create 5 crore additional jobs.

India's MSME segment is estimated to have 63 million units, employing over 111 million people. it contributes nearly 27% to India's GDP and is crucial to its functioning in terms of employment generation, exports and lending opportunities. With the economy reviving in FY2022, the MSME sector is seen rebounding sharply. This turnaround was primarily on the back of demand recovery following the pick-up in economic activity and ease of restrictions. MSMEs are rapidly adopting digital payments over cash. About 72% of the payments are being processed digitally. The rise in digital adoption indicates further prospects for growth in the housing finance sector.

In the year under review, the Company continued to focus on the MSME sector. The adoption of Goods and Services Tax (GST) has resulted in an increased formalisation/digitalisation of the MSME sector. The pandemic resulted in the sector experiencing substantial stress, prompting the Government to identify it for special support through various schemes like Moratorium, ECLGS, ECLGS Extension and COVID-19 support loans. The Company supported its customers during this period by participating in the Government schemes.

Moving forward, the Government has set a target of increasing MSME's contribution to the GDP from 30% or US$ 1 trillion to 40% or US$ 2 trillion of the targeted US$ 5 trillion economy by 2025. It has also set a target of increasing its share to exports to 60% and create 5 crore additional jobs.

Corporate Lending

Corporate lending implies short-term and long-term funding provided by banks or NBFCs to medium and large-sized corporates, institutional customers and real estate developers. A majority of the industry's loan book comprises of long-term funding. NBFCs offer need-based and customised loans to corporates as per their risk-return appetite. Promoter funding, mezzanine funding, structured and acquisition financing and real estate developer financing are some key products offered in this category. Continued revival in economic activities and the need for capital expenditure to meet the rising demand for goods and services is boosting demand for corporate loans.

COMPANY OVERVIEW

Registered with the Reserve Bank of India (RBI) as a systemically important non-deposit taking company, IndoStar Capital is a non-banking finance company (NBFC). Originally promoted by the Everstone Group and today jointly owned and controlled by Brookfield and Everstone, the Company is a professionally managed and institutionally owned organization. It is engaged in providing used and new commercial vehicle financing; affordable home finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited; loans to small and medium enterprise (SME) borrowers; as well as structured term financing solutions to corporates.

Having started operations as an NBFC focused on corporate financing in 2011, the Company changed course into being a diversified and retail focused NBFC. As on March 31, 2022, our Assets Under Management (AUM) stood at ₹ 9,658 crore. We maintain a continued focus on enhancing our asset quality and improving the collections.

Our retail platform is aimed at delivering strategic and added value to all its stakeholders and building upon this further. A strong platform, a highly experienced management team, and our well-spread and diversified network are some of our key elements that will support our retail operations in the future.

BUSINESS REVIEW

We continue to broaden our overall portfolio and enhance our exposure in each of our key segments and focus areas of Commercial Vehicle Finance and Affordable Housing Finance. Having spread our business network in 404 locations and 22 states across India, we are working on branch, geography and product expansion. We have added 186 number of branches across Commercial Vehicle and Affordable housing finance businesses in FY 2022.

We have also embarked on a digitisation journey to gain further operational efficiency and enhance productivity. As part of our retailisation journey, we are making a conscious effort to gradually reduce our corporate book year-on-year and grow our retail footprint. From 16% of the AUM currently, our aim is to lower the corporate book to less than 10% by the end of Financial Year 2022-23.

As part of product expansion, we are focusing on the used light truck segment in vehicle financing, besides financing passenger vehicles, farm equipment (tractors) and construction equipment. In addition, we are also looking beyond financing vehicle owners with only 2-3 vehicles.

Commercial Vehicle Finance
IndoStar's Commercial Vehicle Finance business encompasses ~80% of disbursements made towards Used and Pre-owned Commercial Vehicles. Only ~20% of our loans are being disbursed for New Vehicles. Our vision is to be known as a lender of choice for Small Road Transport Operators (SRTO) and enhance our market presence through this segment.

Our ultimate aim is to provide relatively affordable credit to our customers, garnering healthy demand and also factoring in the risks. During the COVID-19 period, most businesses were impacted with the pandemic. However, the SRTO segment was a part of the logistics network carrying essentials, and hence, the segment was relatively less impacted. Even during the second wave, these vehicles were being utilised largely for transportation of construction materials and waste, and were not too impacted with the ongoing pandemic.

Overall, the Commercial Vehicle segment has an AUM of ₹ 4,908 crore, as on March 31, 2022. Company added 162 branches in FY 2022 in this segment and total branches stood at 370 as of March 31, 2022.

Certain observations and control deficiencies were observed during the course of the interim statutory audit of the Company's annual financial statements, specifically in the Commercial Vehicle loan portfolio. Ernst & Young LLP was appointed for conducting the review. The Company has undertaken root-cause analysis of the deviations to policies and gaps in its internal financial controls and systems and has appointed an external law firm along with an external agency in this regard. It remains committed to continue to operate at the highest standard of compliance and governance.

Housing Finance
IndoStar's Housing Finance business is operated by IndoStar Home Finance Private Limited, its wholly-owned subsidiary. Good asset quality and one of the lowest interest rates are IndoStar's unique value proposition in this vertical. Akin to other retail businesses, the Company aims to provide access to affordable credit to the self-employed and salaried individuals, and the unserved and under-served segments of the society. It is especially focusing 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.

A typical affordable housing finance customer in India lives in Tier 2 & 3 cities. He/she is new to the concept of credit, earns a low informal income, does not possess adequate income documents and is mostly self-employed. These qualities warrant the use of specialized expertise, added to that being used in conventional lending. IndoStar maintains its key focus on this target segment.

Through the Home Finance business, the Company aims to boost affordable housing for the under-served and also support the Government's vision of providing "Housing for All" and the Pradhan Mantri Awas Yojana (PMAY). At the end of FY 2022, the AUM of this vertical stood at ₹ 1,406 crore with an assigned / securitized portfolio of ₹ 394 crore. Fresh loans assigned during the year amounted to ₹ 71 crore. Company added 35 branches in FY 2022 in this segment and total branches stood at 100 as of March 31, 2022.

SME Finance

Like other businesses, the SME segment was also impacted by the COVID-19 pandemic and was one of the hardest-hit. The scope of the pandemic and the resultant economic fallout led several governments to protect SMEs and provide the foundation for a recovery. However, SMEs are gradually coming back to their pre-pandemic normal. SMEs have the potential to be a critical engine for economic growth and employment post the health crisis.

The Company is well poised to capitalize on this SME opportunity and unlock their potential. We are enhancing our product basket with new products, thus catering to a larger universe of our retail and SME customers. The SME Finance business operates through 11 branches. The AUM stood at ₹ 1,776 crore, which is 18% of the Company's overall loan book.

The SME segment is highly under-penetrated in India, but projected to grow rapidly due to India's changing demographic profile. IndoStar projects healthy opportunities in this space. Its key USP in the segment is a solid book and a strategy to sell the portfolio to banks through its 'Build and Sell' model.

The Company is well poised to capitalize on this SME opportunity and unlock their potential. We are enhancing our product basket with new products, thus catering to a larger universe of our retail and SME customers. The SME Finance business operates through 11 branches. The AUM stood at ₹ 1,776 crore, which is 18% of the Company's overall loan book.

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 a 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.

During the year under review, the SME business focused on:

- Improving productivity of employees
- Ensuring quality of credit and supporting customers
- Crafting strong business processes, a robust risk management framework and governance mechanisms that are well-cascaded to the ground level
- Infusing technology into multiple business processes
- Empowering sales and credit teams, while maintaining a strong focus on customer delight
- Establishing customer relationship management practices to improve the understanding of customers' specific needs and designing products suiting specific requirements
- Ensuring robust collections and enabling recovery teams being spread across the country

Corporate Lending

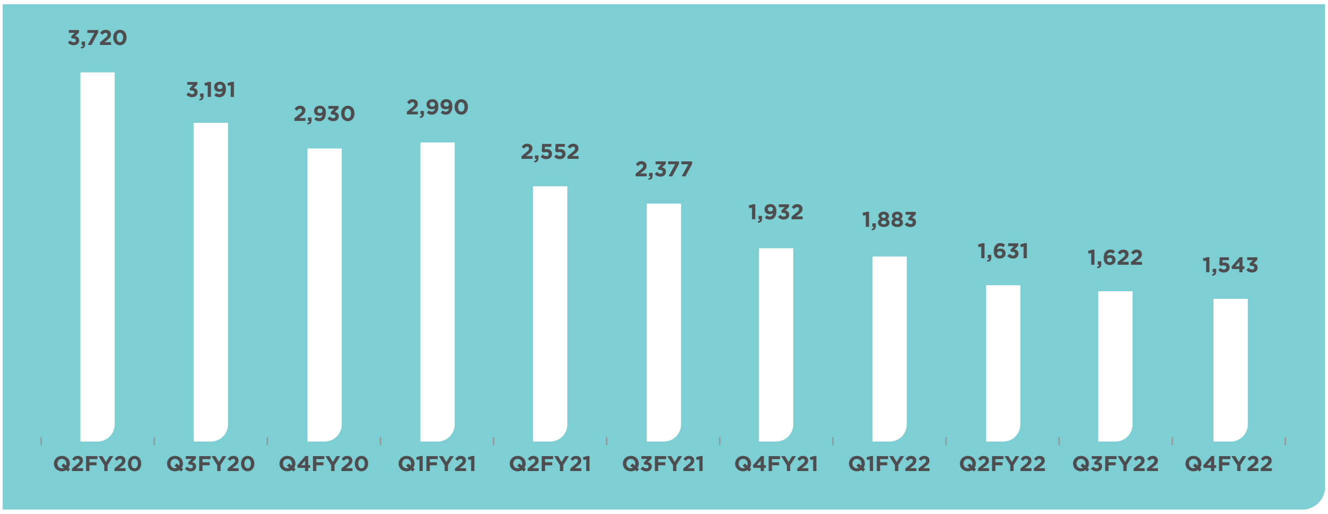
Having commenced operations as a corporate lender in 2011, the Company provides senior secured debt for developer financing and structured lending to mid-level and large corporates across diverse industries. However, having been reputed for providing credit to corporates over the past decade, the Company strategically decided to move out of the corporate lending business. During FY 2021-22, it continued to focus on gradually reducing its corporate book. The Company is working on lowering the corporate book from 16% of AUM currently to less 10% by the end of FY 2022-23.

The Company is working towards reducing the wholesale credit portfolio. And despite a slow start, it experienced encouraging signs in this space. As it built on the momentum in the final quarter of FY 2022, aided by revival of economic activity and a disruption-free industry, the company aims to reduce its wholesale book and becoming a 100% retail company by the end of FY 2024.

At ₹ 1,543 crore, Corporate Lending amounted to 16% of our total AUM by the end of FY 2022.

Corporate Lending AUM

(₹ crore)



REBUILDING INDOSTAR – KEY HIGHLIGHTS OF FY 2022

The year under review faced continued challenges with the ongoing pandemic and a tough liquidity scenario. It made the safety and security of its workforce a priority, and also adopted appropriate measures for its employees to work from home and ensure business continuity. The Company has been focusing on building a scalable and sustainable future for itself.

Our strategic highlights of FY 2022 and the key building blocks for future value creation:

Building the retail business in a highly scalable manner

IndoStar had acquired the Commercial Vehicle business of IIFL in FY 2018-19, as part of its retailisation strategy. The franchise and its extended reach have been a right fit to propel scalable and sustainable growth in the business over the next few years. The Company has embarked on a transformation journey into becoming a pure retail lending business, from being a corporate lending business earlier. With a focus on becoming a retail financier of choice, the Company is working on strengthening its retail business and growing it higher.

Lastly, we also worked on reducing our corporate book and becoming a 100% retail-focused company. As mentioned above, we are working on bringing down our wholesale and corporate book to zero and emerging as a 100% retail lending NBFC over the next two fiscal years.

While we are scaling down our wholesale book, we also remain focused on building a digital-led credit portfolio. Going forward, with significant improvement in our asset quality despite the third COVID-19 wave, we have a smaller mid-corporate credit book and are looking at scaling up retail credit.

Our Strategic Focus Areas

a. **Maintaining consistent customer communication**

   IndoStar continues to maintain a consistent and transparent communication with its customers.

b. **Expanding geographically**

   The southern and western regions have been the Company's key focus area. Despite a strong foothold in the southern region in India, the Company plans to construct an all-India network through a 'Hub-and-Spoke' model. However, it has also identified the eastern region as a significant focus. During the year under review, its first branch in the eastern region was set up at Guwahati. It is also setting up independent branches for the Affordable Housing Finance business.

c. **Ensuring a robust balance sheet**

   The Company has one of the highest capital adequacy ratios among listed NBFCs, a strong liquidity position and one of the lowest debt-equity ratio of 2.1 times. Further, the Company has been strengthened by the recent affirmation of AA-rating by CRISIL with a stable asset quality. It has a healthy liquidity pipeline and avenues to raise further liabilities.

d. **Maintaining asset quality**

   The Company's asset quality has been stable. It has a comfortable net capital adequacy of 25.8% and a robust ALM. With a comfortable capital position, control on asset quality and liquidity management will continue to provide comfort.

e. Investing in technology

The Company has been investing in technology to become more agile and process-driven. It is in the process of building smart branches – which are digitally advanced, smaller branches with reduced operational expenses. These branches will enhance productivity, reduce operational expenses and promote the retailisation plan. The Company's digital capabilities helped it adapt nimbly and operate efficiently, empower people, offer seamless business continuity and meet customer expectations.

f. Digitalization

The company has embarked on an ambitious journey to revamp its loan origination system (LOS) and move to a mobile-first, cloud-based architecture stack that drastically reduces paperwork and manual data entry. In the first phase of development, the system is being piloted with the housing finance company and will subsequently be rolled out to the vehicle finance business. The system once implemented, is expected to help improve employee productivity, reduce errors and reduce disbursement turnaround time. In addition, the system will reduce paperwork from current levels, thus contributing to the company's ESG goals

g. Strengthening Risk Policies and Controls

The company initiated an exercise to revaluate its risk policies from March 2022 and has implemented enhanced controls across – its credit assessment, loan disbursement, loan performance monitoring and collections processes. The revised policies coupled with enhanced digital processes, allow the management team to get real-time alerts and dashboards on loan performance, overall asset quality and allow for quicker and more agile decision-making.

h. Being agile and future-ready

The Company has been nimble-footed to adapt to a rapidly changing environment. While it managed its liquidity requirements, it also had a robust balance sheet with high capital adequacy and low leverage. For future-proofing the business, the Company has made effective strategies on optimizing costs, reducing overheads and improving operational efficiencies. This will help IndoStar strengthen its foundation further and build an even more resilient business. Harnessing the power of digital, it has offered a seamless Customer Experience (CX) across products and services and delight the customers.

PERFORMANCE REVIEW

Despite a challenging liquidity scenario during the year, IndoStar's AUM stood at ₹ 9,658 crore by the end of FY 2022, as compared to ₹ 8,990 crore in FY 2021.

Over the past year, the team at IndoStar worked towards establishing the Company well in eastern and northern India. With this move, it has de-risked its portfolio from a geographical perspective and created a pan-India presence. Having established hubs, it is now building a branch network across these hubs. With the above strategies, it is focusing on ensuring that presence across India, and not only remain focused on the country's southern parts, akin to the previous year.

The Company is also not maintaining focus on a single product. Considering the external environment, it has shifted our product lines and discontinued products offering lower returns. In the Commercial Vehicle segment, it discontinued school and travel buses. Heavy Commercial Vehicles was another product which experienced stress in the market environment, and this too has been discontinued.

Further, to continue the upward growth trajectory and to ensure better asset quality, the Company drafted new underwriting policies, set up a new vertical for collections, and focused on better analytics.

BUSINESS OUTLOOK

With consumer demand picking up and the rural economy performing well, there are visible green shoots in the Indian economy, which is set to propel NBFCs. Although the macro-economic and industry challenges continue, NBFCs with a strong franchise and sound management will continue to witness tremendous opportunities.

Given the Brookfield investment and a focused retailisation strategy, IndoStar is poised to capture new opportunities in the retail business.

India has one of the world's lowest credit penetration rates, which presents a large growth opportunity for retail credit, with rising household incomes and increased consumption. Reflecting a strong recovery in the Indian economy after two years of the pandemic, banks and NBFCs recorded a sharp growth in advances during FY 2022. Several lenders reported a continued demand for loans, particularly from the retail segment, with the third wave not impacting economic activities heavily.

Further, with the easing of COVID restrictions, sectors such as hospitality, travel, and entertainment will be in need of capital funding for re-opening again and for further expansion. Retail loans, which have been the key focus for most lenders, continue to lead credit growth. Demand for credit from the retail segment, small and medium businesses, has been quite strong. And now with the economic recovery in full swing, there is demand emerging from other segments as well.

With the Company's three business segments contributing hugely to the development of a constantly growing Indian economy, there is a huge market potential to grow across each retail segment.

Moving forward, the Company is optimistic about India's long-term growth prospects and the emerging opportunities this will offer to India's financial services ecosystem. At the same time, it continues to move ahead carefully, be prepped for any short-term market disruptions and constantly build on resilience and organizational strength.

HUMAN RESOURCES

In January 2022, IndoStar onboarded Mr. Deep Jaggi as its Chief Executive Officer. His extensive work experience and track record is set to help the Company capitalise on its strengths of a large equity partner, equity capital networth, smart branches and focus on digitisation. Under his leadership, IndoStar looks forward to strengthening its market position and building it profitably in the years ahead. Previously he has worked with HDB Financial Services where he spearheaded the Asset Finance division. He had been instrumental in expanding and strengthening the P&L of Commercial Vehicle, Construction Equipment, PV and Tractor business.

Mr. Karthikeyan Srinivasan also joined the organisation as the Chief Risk Officer of IndoStar during the year under review. He has earlier worked with companies like ICICI Bank, Kotak Mahindra Finance, and Cholamandalam Investment and Finance Company.

INFORMATION TECHNOLOGY

The COVID-19 pandemic led to an inevitable surge in the use of digital technologies due to the social distancing norms and nationwide lockdowns. IndoStar is focusing on the use of digital technologies to differentiate ourselves in the marketplace – from a communication perspective and also for customer outreach. As part of its digital transformation journey, it aims to digitize every aspect of the lending process from lead generation to disbursement. The objective is to leverage analytics and to make the entire processes more transparent and paperless.

The Company has on-boarded fintech and technology partners to carry forward its digital journey, define risk scorecards to ensure automated flows and ensure efficient credit decisions. Digitizing credit processes will help IndoStar leverage its fintech ecosystem to ensure reduced documentation, process checks and underwriting. This will also help the Company utilize a risk analytics framework and facilitate better collection metrics.

The cloud model adopted for its infrastructure will usher in agility and resilience. Following through on our endeavour to become a Digital NBFC, we have also appointed a Chief Technology Officer to head the digital vertical.

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.

Moving forward, the Company is optimistic about India's long-term growth prospects and the emerging opportunities this will offer to India's financial services ecosystem. At the same time, it continues to move ahead carefully, be prepped for any short-term market disruptions and constantly build on resilience and organizational strength.

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.

Asset Liability Management Risk
This is the risk faced due to a mismatch between assets and liabilities on account of inadequate liquidity, changes in interest rates and other scenarios.

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.

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.

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 Processes and a good reporting framework. This ensures that operational risks are minimized at any given point of time.

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.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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.

IndoStar's internal controls are commensurate with the business requirements, its scale of operations and applicable statutes to ensure orderly and efficient conduct of the business. These controls have been designed to ensure an assurance on the below:

- maintaining proper accounting controls,
- substantiation of financial statements and adherence to Ind AS requirements,
- safeguarding of resources,
- prevention and detection of frauds and errors,
- ensuring operating effectiveness,
- reliability of financial reporting,
- compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013

The Internal Financial Control framework has been adopted in line with requirement of the Companies Act, 2013 to ensure orderly conduct of the business, including adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of financial information. An independent audit firm has been appointed by the Company to ensure effectiveness of internal financial controls which include the following:

- To review entity level controls covering key aspects related to control environment, control activities, risk management, information, communication and monitoring framework.
- To update Risk and Control Metrics for business and support functions for changes in control procedures and coverage of all components of internal financial controls.
- To test the design and operating effectiveness of controls.

KPMG, a leading Chartered Accountants firm, has been engaged for verifying the efficacy and effectiveness of IndoStar's internal financial controls. The Firm also assists in an internal audit covering all business verticals and support functions. 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 2021-22.

BOARD'S REPORT

Dear Members,

Your Directors presents the 13th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2022 and comparison with the previous financial year ended March 31, 2021 are summarized below:

(₹ In Crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total income	1,053.55	1,193.27
Total expenditure	1,994.40	1,450.37
Profit before taxation	(940.85)	(257.10)
Less: Provision for taxation		
- Current tax	-	-
- Deferred tax asset	(171.66)	(20.21)
- Tax of earlier years	-	4.56
Net profit after taxes	(769.19)	(241.47)
Other comprehensive income, net of tax	0.47	0.01
Total comprehensive income	(768.72)	(241.46)
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Transfer from share options outstanding account	-	0.32
Appropriation towards dividend and dividend distribution tax*	(58.50)	-
Surplus in the statement of profit and loss	(827.22)	(241.14)
Balance brought forward from previous period	296.94	538.08
Balance carried to balance sheet	(530.28)	296.94
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	(62.06)	(23.14)
Diluted (₹)	(62.06)	(23.14)

**includes dividend and dividend distribution tax aggregating to ₹ 58.49 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

Pursuant to the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time ("RBI Directions") and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder, a provision of ₹ 1,116.59 crore (previous year: ₹ 685.11 crore) at the rate of 14.68% of outstanding assets of the Company was made as at March 31, 2022. 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, 2022.

Loan Portfolio Review

The Audit Committee, in its meeting held on March 31, 2022, was informed by the management of the Company that certain observations and control deficiencies were observed during the course of the interim statutory audit of the annual financial statement of the Company specifically in the commercial vehicle loan segment ("CV Loan Portfolio") as part of the review of Company's loan portfolio, including a review of the policies and procedures. The Audit Committee was informed that the control deficiencies were primarily with respect to sanctioning of loans to existing customers, loan documentation and policy implementation gaps. These were primarily concerned with a part of the CV Loan Portfolio and may have arisen pursuant to liquidity concerns with customers caused by the onset of the COVID-19 pandemic.

In order to assess such deficiencies and to further understand any potential material gaps in implementation of the adopted policies, the Audit Committee of the Company proposed to appoint an independent external agency for conducting a detailed review of the CV Loan Portfolio. In this regard, the Audit Committee, in the same meeting approved the appointment of Ernst & Young LLP ("E&Y") for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of CV Loan Portfolio along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review").

While the Loan Portfolio Review was still ongoing, the Audit Committee in its meeting held on May 6, 2022, was informed by E&Y of certain preliminary findings of Loan Portfolio Review thus far ("Preliminary Findings"). Based on appropriate deliberation on the Preliminary Findings by the Audit Committee, the Company made a disclosure to the stock exchanges on May 6, 2022 ("May 6 Disclosure") *inter-alia* intimating that the Company may be required to make an additional estimated credit loss provisioning between ₹ 557 crore to ₹ 677 crore.

The final findings of the Loan Portfolio Review were submitted to the Audit Committee on August 5, 2022 ("Portfolio Review Findings"), which was appropriately deliberated and adopted by the Audit Committee. The Portfolio Review Findings primarily pertain to the control deficiencies disclosed in the May 6 Disclosure, i.e.:

1. deviations from credit policy of the Company in approval process for loans to existing customers and waivers in foreclosure cases in case of certain loans;

2. for restructured loans the Company did not follow the steps as detailed in the control description.

The Company's assessment of provisioning for estimated credit loss is disclosed in the audited standalone and consolidated financial statements of the Company. Please refer to Sr. No. 25 and Note 5 of the audited standalone financial statements of the Company and Sr. No. 25 and Note 5 of the audited consolidated financial statement of the Company.

The Audit Committee has initiated corrective measures to strengthen the control deficiencies and ensure improvement in the process and control environment of the Company. The management has been tasked with identification, assessment, development of risk mitigation plans and monitoring of action plans. The Company is in the process of implementing such corrective measures to strengthen these control deficiencies.

Further, as set out in the May 6 Disclosure, the Audit Committee has also initiated a separate 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) and has appointed an external law firm along with an external agency in this regard ("Conduct Review"). Your Board is committed to ensuring that there are appropriate redressal and accountability measures undertaken with regard to the Portfolio Review and Conduct Review Findings.

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

During the year under review, there has been no change in the nature of business of your Company.

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

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended 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.

During the year under review, in accordance with terms of the CCPS as approved by the equity shareholders of the Company, the Company paid interim and final dividend due on 1,20,68,966 CCPS of the Company, at the rate of 10% p.a. calculated on the issue price of CCPS i.e. ₹ 290 per CCPS for the period from May 27, 2020 to May 26, 2021 on June 17, 2021 and for the period from May 27, 2021 to November 26, 2021 on November 26, 2021.

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 2021-22.

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, 2022.

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

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

Your Company has 2 (two) unlisted wholly-owned subsidiaries namely, IndoStar 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 Listing Regulations and Company's Policy for Determining Material Subsidiary, IHFPL continue 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 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 ₹ 1,406 crore as on March 31, 2022. IHFPL operates in 10 states across India through various branches and has an employee base of over 489 employees as on March 31, 2022.

During the year under review, the total income of IHFPL was ₹ 144.82 crore (previous year: ₹ 134.06 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 34.31 crore (previous year: ₹ 27.95 crore). The other key performance indicators of IHFPL are: (a) Return on Assets: 3.1%; (b) Capital to Risk Weighted Assets Ratio: 83.2%; (c) Debt-Equity Ratio: 1.48x; (d) Assets Under Management: ₹ 1,406 crore which is 41% YoY growth; (e) Disbursements: ₹ 579 crore which is 101% YoY increase; (f) Gross Stage 3 assets: 1.8%; and (g) Cash & cash equivalent including undrawn lines: ₹ 207.62 crore.

During the year under review, your Company further capitalized IHFPL with INR 250 crore, subsequent to which your Company's investment in the equity share capital of IHFPL stands at INR 450 crore.

IndoStar Asset Advisory Private Limited

IAAPL is enabled under its objects to carry on the business of *inter-alia* advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. 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 ₹ 0.03 crore (previous year: ₹ 0.04 crore) and the loss after tax was ₹ 0.04 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

During the year under review, the Company issued and allotted (i) 1,20,68,966 equity shares of the face value of ₹ 10 each to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of CCPS into equity shares; and (ii) 2,80,000 equity shares of the face value of ₹ 10 each, pursuant to exercise of stock options under various Employee Stock Options Plans of the Company.

Consequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company as on March 31, 2022 and as on the date of this report stands increased to ₹ 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, 2022, 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 person proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

The tenure of Mr. R. Sridhar (DIN:00136697), Whole-Time Director on the Board of Directors of the Company designated as Executive Vice-Chairman & CEO was getting completed on April 17, 2022, and in line with succession planning for the Company and considering the knowledge, relevant expertise and experience of Mr. Deep Jaggi in the retail lending segment and on recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective meetings held on January 7, 2022 and the Members of the Company by means of special resolution passed on February 10, 2022, vide Postal Ballot conducted through remote voting mode, approved the appointment of Mr. Deep Jaggi (DIN: 09412860) 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 February 10, 2022 to February 9, 2027.

Mr. R. Sridhar continued as Whole-Time Director on the Board of Directors of the Company designated as Vice-Chairman till the expiry of his tenure on April 17, 2022.

Director(s) Retiring by Rotation

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

Re-appointment of Independent Directors

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

Resignation of Independent Director(s)

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

Director(s) Declaration and Disclosures

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Corporate

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

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

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

Key Managerial Personnel ("KMP")

During the year under review, (i) Mr. Amol Joshi resigned from the office of Chief Financial Officer of the Company with effect from December 27, 2021; (ii) Mr. R Sridhar step down from the office of Chief Executive Officer (CEO) of the Company and re-designated as Vice-Chairman with effect from January 7, 2022, for the remaining tenure; and (iii) Mr. Deep Jaggi was appointed as CEO of the Company with effect from January 7, 2022.

Subsequent to the year under review, (i) the tenure of Mr. R Sridhar as Whole – Time Director expired on April 17, 2022 and (ii) Mr. Kapish Jain was appointed as Group 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. The Company is in the process of identifying a suitable candidate for filling the position of the Group Chief Financial Officer of the Company.

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

1. Mr. Deep Jaggi - CEO
2. Mr. Jitendra Bhati - Company Secretary & Compliance Officer

RBI DIRECTIONS

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

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

DEPOSITS

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

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 900 crore as bank borrowings (outstanding as on March 31, 2022: ₹ 2,548.87 crore); (ii) ₹ 745.90 crore through issuance of non-convertible debentures (outstanding as on March 31, 2022: ₹ 1,532.70 crore); (iii) ₹ 680.21 crore by sale / assignment / securitisation of loan assets of the Company; and (iv) ₹ 322.12 crore through issue of commercial paper (outstanding as on March 31, 2022: ₹ 445.24 crore). Funds raised through private placement of debentures were utilised for the purpose mentioned in the respective offer documents.

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, 2022 is summarised below:

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

Subsequent to the year under review and consequent to the May 6 Disclosure and adoption of annual audited financial statements, CRISIL Ratings Limited re-affirmed long term rating at "CRISIL AA-"; short term rating at "CRISIL A1+" with negative implication outlook and CARE Ratings Limited revised the long term rating to "CARE A+"; re-affirmed short term rating at "CARE A1+" with negative implication outlook.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2022 stood at 1.91x.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2022, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 25.8%, 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, 2022 stood at ₹ 1,732.50 crore.

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 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.

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022, have made the following comments which are self-explanatory and are categorized as 'Emphasis of Matter', hence no comments in this regard have been offered by the Board of Directors:

1. *We draw attention to Note 41.4 to the standalone financial statements, which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.*
2. *We draw attention to Note 45(XII) to the standalone financial statements, the Company has exceeded the Single Borrower limit / Group Borrower limit as at the year-end resulting into concentration of credit in terms of the Reserve Bank of India (RBI) Master Direction no. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated 1 September, 2016.*

Our opinion is not modified in respect of these matters.

The Statutory Auditors have, in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022 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 31 March, 2022, 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 of the matter described in 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 31 March, 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. *As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans are ₹448,399 lakhs and ₹153,484 lakhs respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.*

   As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Company, appointed an external agency to:

   (a) *review existence of the borrowers for the CV and SME loans;*

   (b) *assess the quality and risks pertaining to the loan portfolio for CV and SME loans;*

   (c) *review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.*

   Further, the Audit Committee has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

   As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Company in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹ 1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

   As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Company has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Notes 41.2 and 41.3 to the standalone financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

   i) *the impairment allowance and therefore the carrying value of CV and SME loans;*

   ii) *the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;*

   iii) *the fair value of financial guarantee contracts relating to CV portfolio;*

   iv) *interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;*

   v) *presentation and disclosures in the standalone financial statements arising due to consequential impact arising from i) to iv) above.*

Comments in Annexure B to the Auditors Report

(iii) (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. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above and should be read in conjunction with our reporting under clause (xi)(a) below.

(iii) (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 ₹26,449 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. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(iii) (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 ₹118,092 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. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(xi) (a) As described in the Basis for Qualified Opinion section above, the Audit Committee of the Company has appointed an external law firm to review the transactions pertaining to CV and SME loans portfolio for: (i) identifying the root cause for control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review"). As at the date of this report, the external law firm has not submitted their findings relating to the Conduct review to the Audit Committee of the Company. In the absence of this information, we are unable to comment as to whether any fraud by the Company or any material fraud on the Company has been noticed or reported during the year.

(xvii) Considering the standalone financial statements of the Company as presented, and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report, the effect of which we have been unable to determine, we are unable to state if the Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses in the immediately preceding financial year.

Directors' response to qualifications above of the Statutory Auditors in the Audit Report

With respect to the qualifications of the Statutory Auditors, the Company has concluded that it is impracticable to determine the prior period specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year under review in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have 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 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

As set out in Company's state of affairs above, the Audit Committee has also initiated a separate Conduct Review which is currently ongoing.

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 Companies Act, 2013.

The Statutory Auditors have also observed the following in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022:

As discussed in Note 41.4 to the standalone financial statements, the total liabilities exceed the total assets maturing within 12 months by ₹ 220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 41.4 to the standalone financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Management's Plan to address the Going Concern uncertainty:

Subsequent to the year under review and till the adoption of the financial statements and Board's Report, the Company has raised incremental borrowings of ₹ 1,170 crore from banks and financial institutions. The part of the borrowings have been raised with the support of promoter of the Company. Further ₹ 300 crore have been raised through additional funding line with banks and ₹ 280 crore have been raised from securitisation and ARC sale.

As at March 31, 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 71.8 crore, liquid investments aggregating ₹ 294 crore and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial results, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited. Accordingly, the Management considers it appropriate to prepare these financial statements / results on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

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, 2022 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, 2022 have not submitted any qualifications, reservations, adverse remarks or disclaimers except non-compliance with Minimum Public Shareholding requirement under Regulation 38 of Listing Regulations.

In terms of Regulation 24 A(2) of the Listing Regulations, annual secretarial compliance report with respect to all applicable compliances under regulations and circulars / guidelines issued by the Securities and Exchange Board of India from M Siroya and Company, Practicing Company Secretary in prescribed format for the financial year ended March 31, 2022 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, 2022 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, 2022 have not submitted any qualifications, reservations, adverse remarks or disclaimers.

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.

MAINTENANCE OF COST RECORDS

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

REPORT ON CORPORATE GOVERNANCE

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

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

MEETINGS

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

BOARD COMMITTEES

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

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

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

PERFORMANCE EVALUATION

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

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 21, 2022 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 CSR Policy of the Company was amended in order to *inter-alia* align the policy with amendments in the Act and the CSR Rules. In terms of the CSR Policy, during the year under review your Company's CSR activities were focused in the fields of education, women empowerment, environment and sanitation.

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

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

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the business and functions, if any, are systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a Risk 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 have been identified with respect to the Risk Management Framework and Policy. Your Board is in the process of implementing corrective measures for the same.

In terms of the RBI Directions and in order to further strengthen the risk management framework, the Company appointed a Chief Risk Officer ("**CRO**") and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company 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.

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.

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 Adverse Opinion as under.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31 March, 2022. Control deficiencies were noted in:

a) entity level control environment related to governance and risk management policies pertaining to the loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loans portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loans portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, 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.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Comments in Annexure B to the Auditors Report

(xiv) (a) In our opinion, the Company's internal audit system was deficient as it did not prevent a material weakness in internal controls over financial reporting as fully described in 'Annexure A' of our independent auditor's report.

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 Adverse Opinion above, it is submitted that based on the observations in the Portfolio Review Findings adopted by the Audit Committee on August 5, 2022 and the matters referenced in the Adverse 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 Audit Committee and the Board have initiated corrective measures to strengthen these control deficiencies and ensure improvement in the process and control environment of the Company. The management has been directed to (i) redefine the policies for disbursement, credit, collections, and restructuring; (ii) implement internal trigger alerts for restructuring cases; (iii) implement a new risk-based pricing mechanism to decentralize disbursements based on centralized policies; (iv) replace existing loan operating system with new one to ensure better tracking, analytics and productivity; (v) alert for new loans to existing customers and compliance with new policies.

The management has been tasked with identification, assessment, development of risk mitigation plans and monitoring of action plans. A framework for risk mitigation has been developed, institutionalized and an internal control framework has been designed to manage and mitigate the risks faced by the Company.

The organizational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment.

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 of the Company, for financial year ended March 31, 2022, is enclosed herewith at Annexure V to this Board's Report. Please note that the Group Chief Financial Officer of the Company resigned effective from the close of business hours on July 19, 2022.

BUSINESS RESPONSIBILITY REPORT

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

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

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

During the year under review, no material related party transactions as prescribed in Section 188 of the Act read with Companies (Meetings of the Board and its Powers) Rules, 2014, were entered by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company. Further, during the year under review, the Company had not entered into transactions with related parties which could be considered to be 'material' in accordance with the Related Party Transaction Policy of the Company. All other transactions with related parties, during the year under review, were in compliance with the Related Party Transaction Policy of the Company. Further, the Company has not entered into transactions requiring disclosures in terms of Regulation 53(f) of the Listing Regulations.

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, 2022.

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, 2022 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, 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 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: ₹ 0.59 crore).

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed and no material departures have been made from the same;

b) except as set out in Note 41.3 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and Note 42.3 of the audited consolidated financial statements of the Company for the financial year ended March 31, 2022, they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) except with respect to the matters pursuant to which estimated credit loss allowance has been subject to the findings of the Conduct Review which is currently ongoing, 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) for the reasons set out in the Note 41.4 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and Note 42.4 of the audited consolidated financial statements of the Company for the financial year ended March 31, 2022, they have prepared the annual accounts on a going concern basis;

e) except for the deficiencies identified in the Portfolio Review Findings and the matters referenced in the Adverse 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, corrective measures in respect of which have been initiated, they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and 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, 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 5, 2022

Annexure I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2022. 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, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 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. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;

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) Regulations, 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 amended;

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; 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, 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"); and

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

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

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 have levied a penalty of ₹ 13,35,000 each (excluding GST) on the Company for the non-adherence to the MPS for the period upto March 31, 2022. The default continues after March 31, 2022;

1.2 As a consequence of the non-compliance with the MPS obligation, the listing application filed by the Company on 26 November 2021 and 27 November 2021, with the BSE and NSE, respectively, for listing of 1,20,68,966 Equity Shares allotted to BCP V Multiple Holdings Pte. Ltd. ("Brookfield") on 26 November 2021 pursuant to conversion of Compulsory Convertible Preference Shares ("CCPS") of the Company 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;

1.3 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:

1.3. (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.

1.3. (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.

2. The Company is advised to improve and/ strengthen its compliance framework, monitoring system, verification of customer KYC, reporting of frauds, its internal controls, systems and process to ensure compliance with all the applicable acts, laws, rules, regulations, guidelines and standards in view of certain gaps reported by an independent compliance review carried out by Ernst & Young LLP, appointed by the Board of 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. Stamp 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. Munish Dayal was appointed as Non-Executive Non-Independent Director of the Company; and

ii. Mr. Deep Jaggi (DIN 09412860) was appointed as a Whole-Time Director on the Board of the Company designated as Chief Executive Officer.

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. On July 2, 2021, the Board of Directors at their meeting, *inter-alia*, approved the grant of unsecured convertible loan to IndoStar Home Finance Private Limited (IHFPL),wholly-owned subsidiary of the Company, for an amount not exceeding INR 500 crore, with an option to convert the loan into equity shares of IHFPL.

2. Members at their annual general meeting ("AGM") held on September 28, 2021, *inter-alia*, approved the following(s):

    a. Issue of Non-Convertible Debentures under Private Placement during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the AGM, for aggregate principal amount not exceeding INR 5,000 crore;

    b. Waiver of recovery of excess Managerial Remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company for the financial year 2020-21;

    c. Sale, lease and disposal of assets of IndoStar Home Finance Private Limited, a material subsidiary of the Company, exceeding 20% of its assets in aggregate, during any financial year;

    d. Alteration of the Object Clause of the Memorandum of Association of the Company pertaining to distribution of financial products including mutual funds and insurance products and to act as insurance brokers and insurance agents as per the provisions of the Insurance Regulatory and Development Authority Act, 1999 and the rules and regulations framed thereunder.

3. The Board of Directors vide their circular resolution dated November 26, 2021, approved the allotment of 1,20,68,966 (One Crore Twenty Lakh Sixty Eight Thousand Nine Hundred and Sixty Six) fully paid-up Equity Shares of the Company to BCP V Multiple Holdings Pte. Ltd. ("Allottee") pursuant to conversion of 1,20,68,966 (One Crore Twenty Lakh Sixty Eight Thousand Nine Hundred and Sixty Six) CCPS of the Company. Listing application for listing of these equity shares have been kept on hold by BSE and NSE pending until the Company meets the MPS criteria.

4. Members through Postal Ballot on February 10, 2022 *inter-alia* approved the Alteration of Articles of Association of the Company.

5. During the period under review, the Company allotted 1,23,48,966 equity shares of face value of INR 10/- each fully paid up, on exercise of employees stock options, in accordance with the IndoStar Employee Stock Option Plan(s).

6. During the period under review, the Company allotted 7459 Non-Convertible Debentures of INR 10 Lakh each on Private Placement basis aggregating to INR 745.90 crore which were listed on the wholesale debt segment of the BSE Limited.

7. During the period under review, the Company redeemed / bought back 6398 Non-Convertible Debentures of face value of INR 10 Lakh each, aggregating to INR 639.8 Crore and 301 Non-Convertible Debentures of face value of INR 1 Crore each, aggregating to INR 301 Crore.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682D000745817

Place: Mumbai
Date: 5 August 2022

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: F005682D000745817

Place: Mumbai
Date: 5 August 2022

Annexure II

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022
[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
One World Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndoStar Home Finance Private Limited (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2022. 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, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 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) Regulation, 2015 (Not Applicable during the Audit Period);
    c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 and 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) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended;
    e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;
    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, 2009 (Not Applicable during the Audit Period); and
    h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (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 (effective since 17 February 2021);

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

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

e) Review of regulatory framework for Housing Finance Companies (HFCs) (effective since 22 October 2020 and repealed w.e.f 17 February 2021)

f) The Housing Finance Companies (NHB) Directions, 2010 (repealed w.e.f 17 February 2021);

g) Guidelines on Fair Practices Code for HFCs (repealed w.e.f 17 February 2021);

h) Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);

i) Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);

j) Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies (repealed w.e.f 22 October 2020); and

k) 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. 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 28, 2021, the members at the Annual General Meeting inter-alia approved the following:

a. Appointment of Mr. Munish Dayal, as Non-Executive Non- Independent Directors of the Company;

b. Increase in Borrowing Limits of the Company;

c. Issue of Non - Convertible Debentures under Private Placement such that the aggregate principal amount of such NCDs does not exceed INR 500,00,00,000 (Rupees Five Hundred crore only) during a period of 1 (one) year from the date of passing Special Resolution;

d. Payment of Remuneration to Mr. Shreejit Menon, Whole-Time Director of the Company;

e. Alteration to Object clause of the Memorandum of Association of the Company.

H Choudhary & Associates
(Practicing Company Secretaries)

CS Harnatharam Choudhary
Proprietor Membership No: F8274
C P No.: 9369
UDIN : F008274D000779352

Place: Mumbai
Date: 11 August 2022

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, 2022

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	425.69
		Mr. Deep Jaggi#	76.56
		Mr. Bobby Parikh@	4.26
		Mr. Hemant Kaul@	4.26
		Ms. Naina Krishna Murthy@	4.26
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO/ CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. R. Sridhar	Nil
		Mr. Deep Jaggi	NA
		Mr. Bobby Parikh	0
		Mr. Hemant Kaul	0
		Ms. Naina Krishna Murthy	0
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Amol Joshi*	3%
		Mr. Jitendra Bhati (CS)	18%
3.	The percentage increase in the median remuneration of employees in the financial year	-28%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	2613	
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	Due to increase in number of employees mainly at entry level of the organisational hierarchy, the average salaries of employees other than managerial personnel, has decreased to -25.31% as compared to average salaries paid in financial year 2020-21. The average increase in the Managerial Remuneration for FY 2021-22 is 17.98% mainly due to appointment of Mr. Deep Jaggi as Whole Time Director designated as CEO with effect from February 10, 2022.	
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:

#Appointed as CEO from February 10, 2022, remuneration for FY 2021-22 has been annualised.

@ Remuneration paid to Non-Executive Independent Directors pertains to Financial Year 2020-21 which was paid in Financial Year 2021-22. Further, sitting fees paid to Non-Executive Independent Directors has not been included for calculation of remuneration paid to them.

** Resigned as CFO with effect from December 27, 2021, remuneration for FY 2021-22 has been annualised.*

Annexure IV

Annual Report on Corporate Social Responsibility (CSR) Activities

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

   - Areas in which the Company can undertake CSR activities (within the purview of Schedule VII of the Companies Act, 2013);
   - Activities which will not be considered as CSR activities;
   - The CSR budget of the Company;
   - The implementation process;
   - Roles and responsibilities of the Board and CSR Committee;
   - Monitoring and reporting framework.

Overview of projects / programs undertaken:

Promoting Education

- Avasara Leadership Institute - Avasara Academy & Avasara Leadership Fellows
- Khushii Foundation – Adapt Impact Education Project
- Rays of Hope Charitable Trust – Priyanj Special School
- TASK

Women Empowerment

- Janvikas - Driverben

Promoting Education :

a **Avasara Leadership Institute - Avasara Academy & Avasara Leadership Fellows**

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

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

During the year under review, your Company contributed an amount of ₹ 10 lacs to Avasara Leadership Institute for its program Avasara Academy. Through your Company's support, Avasara Academy supported education of 10 students.

Avasara Leadership Fellows ("ALF"): ALF Program is a selective, intensive after-school enrichment opportunity designed to meet the needs of able, highly motivated adolescent girls from low-income backgrounds. The ALF program will provide a range of opportunities and experiences for selected girls (ALF Fellows) to develop their personal leadership style and achieve academic excellence in the critical years before SSC (Secondary School Certificate) Board Examination. ALF introduces cutting edge pedagogy within established curriculum

During the year under review, your Company contributed an amount of ₹ 10 lacs to Avasara Leadership Institute for its program ALF. Your Company's contribution was utilized for education of 50 students in Grade 9 and Grade 10.

b. **KHUSHII Foundation - Adapt Impact Education Project**

KHUSHII- Kinship for Humanitarian, Social and Holistic Interventions, is a non-governmental organization with a vision to generating maximum impact for the underserved communities through creating a culture of giving to promote equity. Adapt Impact Education Project primarily focuses on improved teaching, learning experience, counselling children and working on psychological development.

During the year under review, your Company has contributed ₹ 15.00 lacs for Adapt Impact Education Project FY 21-22. Your Company's contribution was utilized for 500 students of Class II to VIII.

c. Rays of Hope Charitable Trust – Priyanj Special School

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

During the year under review, your Company contributed an amount of ₹ 8.40 Lacs to Priyanj Special School. Your Company's contribution was utilised for education of 10 children with autism.

d. TASK

Your Company continued its support to TASK for the third year. TASK is an organization that has been formed to provide vocational facilities to differently abled adults by way of conducting training sessions at regular intervals. Various products like block printed sling bags, shoulder bags, handkerchiefs, paper block printed & laminated table mats, hand painted wooden tea coasters and handmade soaps are made by differently abled adults. TASK also aims at developing students for taking up professional courses in the field of vocational training.

During the year under review, your Company contributed an amount of ₹ 8.00 lacs to TASK for vocational trainings for differently abled persons. 60 differently abled members have been trained on block printing, terracotta jewellery making & painting, stitching, pom pom making etc.

Women Empowerment

Janvikas - Driverben

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

During the year under review, your Company contributed an amount of ₹ 17.50 lacs to Janvikas. Through your Company's contribution Janvikas supported training of 50 women to become professional commercial drivers.

2. Composition of CSR Committee as on date of report:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Naina Krishna Murthy	Non-Executive Independent Director (Chairperson)	1	1
2.	Mr. Bobby Parikh	Non-Executive Independent Director (Member)	1	1
3.	Mr. Dhanpal Jhaveri	Non-Executive Non-Independent Director (Member)	1	1
4.	Mr. Munish Dayal	Non-Executive Non-Independent Director (Member)	1	1
5.	Mr. Deep Jaggi*	CEO (Member)	NA	NA

**Inducted as a Member of the Committee from February 11, 2022.*

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

https://www.indostarcapital.com/investors-corner#committee-composition
https://www.indostarcapital.com/investors-corner#investor-services
https://www.indostarcapital.com/about-us#csr-indostar

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable: Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Not Applicable	

6. **Average net profit of the Company as per section 135(5) for the last three financial years prior to financial year ended March 31, 2022 –** ₹ (110.80) crore calculated as per Section 198 of the Companies Act, 2013.

7. (a) **Two percent of average net profit of the company as per section 135(5) –** Nil

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years –** Nil

   (c) **Amount required to be set off for the financial year, if any –** Nil

   (d) **Total CSR obligation for the financial year (7a+7b-7c) –** Nil

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
68.90 lacs	NIL	NA	NA	NIL	NA

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation - through Implementing Agency	
				State	District						Name	CSR Registration number
						Not Applicable						

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ lacs)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name	Name CSR registration number
1a.	Avasara Academy	Promoting education among children/ women, empowering women and enhancing women employment	Yes	Maharashtra	Mumbai, Pune	10.00	No	Avasara Leadership Institute	CSR00003007
1b.	Avasara Leadership Fellows			Maharashtra	Mumbai Pune	10.00	No		
2.	Adapt Impact Education Project	Promoting Education	Yes	Karnataka	Bengaluru	15.00	No	KHUSHII Foundation	CSR00001135
3.	Priyanj Special School	Promoting education including special education among children	Yes	Maharashtra	Mumbai	8.40	No	Rays of Hope Charitable Trust	CSR00012105

4.	TASK	Promoting employment enhancing vocation skills and livelihood enhancement projects	Yes	Maharashtra	Mumbai	8.00	No	Task	CSR00010663
5.	Driverben	Empowering women and enhancing women employment	Yes	Gujarat	Ahmedabad	17.50	No	Janvikas	CSR00002913

Note: In case the Company has a branch in State where expenditure is made, it is considered as spend in local area.

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 68.90 Lacs

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in ₹ Lacs)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	68.90
(iii)	Excess amount spent for the financial year [(ii)-(i)]	68.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	68.90

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹ Lakhs)	Date of transfer	
1	2018-19	NIL					
2	2019-20	NIL					
3	2020-21	24.00*	Please refer note	PM Cares Fund	12.11	29 September 2021	Nil

**Out of ₹ 24.00 lakhs, amount of ₹ 11.89 lacs was initially marked for on-going projects and ₹ 12.11 lacs towards unspent CSR amount. However, ₹ 11.89 lacs was spent towards the on-going projects within 30 days of end of financial year 2020-21. Therefore, ₹ 11.89 lacs was not transferred to unspent CSR Account and the balance unspent amount of ₹ 12.11 lacs was transferred to PM CARES FUND.*

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1	-	BOSCONET: (Poverty alleviation through women group-based Income Generation in Organic Farming and Other Production Skills)	2020-21	FY 2020-21 FY 2021-22	13.49	13.04	13.49	Completed
2		Habitat for Humanity India	2020-21	FY 2020-21 FY 2021-22	41.06	10.78	41.06	Completed

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)
    - Date of acquisition of the capital asset(s): Nil
    - Amount of CSR spent for creation or acquisition of capital assets: Nil
    - Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.: Nil
    - Provide details of the capital assets(s) created or acquired (including complete address and location of the capital assets): Nil
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable

Deep Jaggi
(CEO)
DIN: 09412860

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

Annexure V

CEO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

I, Deep Jaggi, Chief Executive Officer of the Company hereby certify that:

a. I have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2022, and to the best of my 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 my 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. I accept responsibility for establishing and maintaining internal controls for financial reporting and I 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 I am aware.

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

Place: Mumbai
Date : 5 August 2022

Deep Jaggi
Chief Executive Officer

Annexure VI

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L65100MH2009PLC268160
2.	Name of the Company	IndoStar Capital Finance Limited
3.	Registered address	One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013
4.	Website	www.indostarcapital.com
5.	E-mail id	icf.legal@indostarcapital.com
6.	Financial Year reported	April 01, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Non-Banking Financial Company engaged in lending and allied activities – NIC Code 649
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Vehicle Finance Small and Medium Enterprise Finance Corporate Lending
9.	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	Not Applicable
	b. Number of National Locations	Apart from operating from Registered Office, your Company has an extended network of 369 branches spread across India
10.	Markets served by the Company – Local / State / National / International	Your Company serves Local, State and National Markets of India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (₹)	136.08 crore
2.	Total Turnover (₹)	1,053.55 crore
3.	Total profit / (loss) after taxes (₹)	(769.19) crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report.
5.	List of activities in which expenditure in 4 above Board's Report has been incurred	

SECTION C: OTHER DETAILS

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

The Company has two wholly-owned subsidiaries:

a. IndoStar Home Finance Private Limited

b. IndoStar Asset Advisory Private Limited

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

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

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

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

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

(a) Details of the Director / Directors responsible for implementation of the BR policy / policies	
1. DIN Number	09412860
2. Name	Deep Jaggi
3. Designation	Chief Executive Officer
(b) Details of the BR head*	
1. DIN Number	--
2. Name	--
3. Designation	Chief Financial Officer
4. Telephone No.	+91 22 43157000
5. Email id	icf.legal@indostarcapital.com

**Chief Financial Officer of the Company is the BR Head as per the Company's Internal Policy. However, currently the position is vacant.*

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

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

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights

P6 Businesses should respect, protect and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for	Y	NA	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
3.	*Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	--	Y	Y	Y	Y	--	Y	Y
4.	**Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	--	Y	Y	Y	Y	--	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	--	Y	Y	Y	Y	--	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.indostarcapital.com/investors-corner#investor-services								

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
7.	#Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
8.	^Does the company have in-house structure to implement the policy / policies.	Y	--	Y	Y	Y	Y	--	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	--	Y	Y	Y	Y	--	Y	Y
10.	^Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	--	Y	Y	Y	Y	--	Y	Y

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

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

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

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

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

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

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

3. Governance related to BR

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

Annually

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

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

Investors Complaints

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

Customer Complaints

Complaints at the beginning of the year	:	29
Complaints received during the year	:	407
Complaints remaining unresolved at the end of the year	:	9
% of Complaints resolved	:	97.94%

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

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

   The Company strives to provide credit solutions for growing corporates, emerging SME businesses, and catering to the aspirations of the growing customer base of Middle-India. Retail lending business focuses on customers currently underserved financially and the growing "Middle India" population, which aspires to improve its lifestyle and financial well-being. Loans given to middle India borrowers enable them to own assets and grow their businesses. The Vehicle Finance business largely focuses on lending against secured assets, while targeting the large underserved customer base across 20 states in India. The key focus customers in the SME Finance space are, traders, manufacturers, self-employed professionals and service businesses, a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, provides affordable housing loans to economically weaker sections of society. While the Company empowers its customers, it also co-creates new opportunities for them to increase business through its products portfolio.

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

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

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

   Not Applicable

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

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

   Not Applicable

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

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

   Not Applicable. However, considering presence in various states across the Country, the Company endevours to procure goods and services for supporting functioning of branches, from local vendors.

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

   Not Applicable

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: **2,613**

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis: **304**

3. Please indicate the Number of permanent women employees: **115**

4. Please indicate the Number of permanent employees with disabilities: **1**

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

6. What percentage of your permanent employees are members of this recognized employee association? – **Not applicable**

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

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

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

   (a) Permanent Employees: **89.58%**

   (b) Permanent Women Employees: **4.82%**

   (c) Casual / Temporary / Contractual Employees: **10%**

   (d) Employees with Disabilities: **0.03%**

Creating Awareness:
Employees are being sensitised and educated about COVID-19 through regular emails and SMS.

Changes in Policy & Processes:
- Biometric attendance system has been discontinued due to the risks associated with COVID-19 spread.
- Activated Business Continuity Plan & Work from Home (WFH) policy.

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

Employee Wellness
- Vaccination drives for employees were arranged in states having major impact of COVID-19;
- Employees who tested positive of COVID-19 were guided to get admitted and get a bed in network hospitals;
- Sessions on Maintenance of Health & Hygienic at work – Healthy Eating, Staying Hydrated, Virtual open mic sessions – a platform to help employees showcase their talent and Personal wellness were conducted for employees;
- Services of clinical psychologist were provided to extend emotional support to employees.

Care for Employees beyond work (COVID-19 care scheme for bereaved families):
Your Company extended support to families of deceased employees due to COVID-19 through following initiatives:

- Financial assistance with salary payment for 24 months subject to minimum of ₹ 10 lacs and maximum of ₹ 25 lacs;
- Education assistance upto ₹ 2 lacs per child for two children up to graduation or 21 years whichever is higher; mediclaim benefit for the family of deceased employee as per existing coverage for a period of 2 years for the spouse and 2 children;
- Consider spouse / children for suitable job roles based on Company's policy as per requisite qualification skills. Skill training entitlement of ₹ 2 lacs for spouse who don't avail of the employment opportunity or are not eligible;
- Awareness of statutory benefits to such families was made.

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

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

   Yes.

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

   Yes.

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

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

Principle 5: Businesses should respect and promote human rights

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

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

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

   None with respect to violation of Human Rights

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

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

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

   The Company's Corporate Social Responsibility Policy lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes contributing towards environmental sustainability.

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

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

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

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

   Not Applicable

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

   Not Applicable

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

   Not Applicable

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

   Not Applicable

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

   None.

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

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

   During the year under review, the Company was a member of the South Indian Hire Purchase Association.

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

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

Principle 8: Businesses should support inclusive growth and equitable development

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

   The Company focuses to serve people who do Not have easy access to the conventional banking system. The Vehicle Finance business largely focuses on lending to underserved customers in

India. The key focus customers in the SME Finance space are traders, manufacturers, self-employed professionals and service businesses, with a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative and focus on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, focuses on providing affordable housing loans to economically weaker sections of society.

Further, the Company has adopted a Corporate Social Responsibility Policy which *inter-alia* lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes ensuring environmental sustainability. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company and its impact on the society.

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

During the year under review, the Company extended support through external agencies who have experience and expertise in their respective areas.

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

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

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

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

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

Yes. The Company actively engages itself with its partnered agencies who execute the corporate social responsibility programs supported by the Company. Employees of the Company participate in the programs and assist the agencies in effectively executing their initiatives.

The Company also closely monitors utilization of the money granted for various programs and impact of each program on the target population. Basis the impact analysis of each program, the Company decides on the requirement of further support.

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

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

9 customer complaints i.e. 2.06% of aggregate complaints outstanding at the beginning of the year and received during the year in the ordinary course of business, were pending to be resolved as on March 31, 2022.

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

Not Applicable

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

No

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

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

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

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

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

As on March 31, 2022, the Board of Directors of your Company comprised 9 Directors of which 3 were Non-Executive Independent Directors, 4 were Non-Executive Non-Independent Directors and 2 were Executive Directors. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any shares / Non-Convertible Debentures 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.

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, 2022 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))
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	6	-Infosys Limited (Independent Director) - Biocon Limited (Independent Director)	8(4)
Mr. R. Sridhar	Whole-Time Director (Vice-Chairman)	Financial Services and Business Management	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))
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers / Amalgamations	10	0	1
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	11	-Transcorp International Limited (Independent Director) -Ashiana Housing Limited (Independent Director)	5(3)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE / VC investments	0	0	2
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking	4	0	1(0)
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare, Technology and Consumer	0	0	1(0)
Mr. Munish Dayal	Non-Executive Director	Private Equity, Business Management, Financial Services, Technology and Commercial Real Estate	1	0	2(0)
Mr. Deep Jaggi	Whole-Time Director (Chief Executive Officer)	Financial Services, Asset Finance segment, Commercial Vehicle, Construction Equipment, Passenger Vehicles and the Tractor finance businesses.	0	0	1(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 including that of your Company. Membership and Chairmanship in a Committee are counted only once i.e. if a Director is a Chairman of a Committee, he / she is not counted as Member separately.

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2022, have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

BOARD AND COMMITTEE MEETINGS

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

BOARD

During the year under review, 7 (seven) meetings of the Board of Directors were convened and held on June 3, 2021, June 17, 2021, July 2, 2021, August 12, 2021, November 10, 2021, January 7, 2022 and February 11, 2022. 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, 2022 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	6(7)	Yes
Mr. Dhanpal Jhaveri	5(7)	Yes
Mr. R. Sridhar	7(7)	Yes
Mr. Hemant Kaul	7(7)	Yes
Ms. Naina Krishna Murthy	5(7)	No
Mr. Vibhor Kumar Talreja	7(7)	Yes
Mr. Aditya Joshi	7(7)	Yes
Mr. Munish Dayal	7(7)	No
*Mr. Deep Kumar Jaggi	1(1)	Not Applicable

** Mr. Deep Kumar Jaggi was appointed as Whole-Time Director from February 10, 2022.*

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, 2022, 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.

INDEPENDENT DIRECTORS MEETING

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 21, 2022 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 Executive Directors, the Chairman and the Board, as a collective entity. The Independent Directors also reviewed the quality, quantity and timeliness of the flow of information between the management and the Board / Committees, which was necessary for the Board / Committee Members to perform their duties effectively.

BOARD COMMITTEES

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by 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.

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Aditya Joshi, Mr. Dhanpal Jhaveri and Mr. Deep Jaggi.

During the year under review, the Credit Committee met 2 (two) times on June 15, 2021 and August 11, 2021. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Aditya Joshi	Chairman	2(2)
Mr. Dhanpal Jhaveri	Member	2(2)
*Mr. R. Sridhar	Member	2(2)
#Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from January 7, 2022.*

#Appointed as a Member from January 7, 2022.

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 credit and 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. 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 7 (Seven) times on June 3, 2021, June 17, 2021, July 02, 2021, August 12, 2021, November 10, 2021, February 11, 2022 and March 31, 2022. 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 28, 2021.

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	6(7)
Mr. Hemant Kaul	Member	6(7)
Ms. Naina Krishna Murthy	Member	4(7)
Mr. Aditya Joshi	Member	7(7)

Terms of reference

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

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. Deep Jaggi, Mr. Dhanpal Jhaveri and Mr. Munish Dayal.

During the year under review, the ALCO met 4 (four) times on June 15, 2021, August 11, 2021, October 21, 2021 and February 11, 2022. 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. R. Sridhar	Chairman	3(3)
#Mr. Deep Kumar Jaggi	Chairman	1(1)
Mr. Dhanpal Jhaveri	Member	3(4)
Mr. Munish Dayal	Member	4(4)
$Mr. Amol Joshi	Member	3(3)

**Ceased to be Chairman and a Member from January 7, 2022*

#Appointed as Member and Chairman from January 7, 2022

$Ceased to be a Member from December 27, 2021

Terms of reference

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

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Hemant Kaul, Mr. Deep Jaggi, Mr. Vibhor Kumar Talreja, Mr. Munish Dayal and Mr. Mohit Mairal.

During the year under review, the RMC met 4 (four) times on June 15, 2021, August 11, 2021, October 21, 2021 and February 11, 2022. 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	4(4)
*Mr. Aditya Joshi	Member	1(1)
#Mr. Amol Joshi	Member	3(3)
$Mr. R. Sridhar	Member	3(3)
Mr. Vibhor Kumar Talreja	Member	4(4)
Mr. Mohit Mairal	Member	4(4)
@Mr. Munish Dayal	Member	3(3)
^Mr. Deep Jaggi	Member	1(1)

**Ceased to be a Member from June 17, 2021*

#Ceased to be a Member from December 27, 2021

$Ceased to be a Member from January 7, 2022

@Appointed as a Member from June 17, 2021

^Appointed as a Member from January 7, 2022

Subsequent to the year under review, the RMC was reconstituted by appointment of Mr. Karthikeyan Srinivasan and Mr. Kapish Jain as Members and cessation of Mr. Mohit Mairal and Mr. Kapish Jain as Members of the Committee.

Terms of reference

The terms of reference of the RMC *inter-alia* includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution / implementation of risk management practices, 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.

During the year under review, the NRC met 4 (four) times on June 15, 2021, August 11, 2021, January 7, 2022 and February 11, 2022. 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 28, 2021. 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	4(4)
Mr. Bobby Parikh	Member	3(4)
Mr. Aditya Joshi	Member	4(4)
*Mr. Dhanpal Jhaveri	Member	2(2)

**Ceased to be a Member from November 10, 2021*

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. Deep Jaggi and Mr. Munish Dayal.

During the year under review, the CSR Committee met once on June 15, 2021. 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. R. Sridhar	Member	1(1)
#Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from January 7, 2022*

#Appointed as a Member from February 11, 2022

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. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani.

During the year under review, the Debenture Committee met once on March 24, 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 Debenture 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. Pankaj Thapar	Member	0(0)
$Mr. Amol Joshi	Member	0(0)
^Mr. R. Sridhar	Member	0(0)
*Mr. Deep Jaggi	Member	1(1)
*Mr. Jayant Gunjal	Member	1(1)
*Ms. Kaumudi Biyani	Member	1(1)

#Ceased to be a Member from April 5, 2021

$Ceased to be a Member from December 27, 2021

^Ceased to be a Member from January 7, 2022

**Appointed as Members from January 7, 2022*

Subsequent to the year under review, the Debenture Committee was reconstituted by appointment of Mr. Karthikeyan Srinivasan and Mr. Kapish Jain as Members and cessation of Mr. Jayant Gunjal, Ms. Kaumudi Biyani and Mr. Kapish Jain as Members of the Committee.

Terms of reference

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. Deep Jaggi, Ms. Naina Krishna Murthy, Mr. Munish Dayal and Mr. Bobby Parikh. Mr. Jitendra Bhati, Company Secretary acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, the Stakeholders' Relationship Committee met once on June 15, 2021. All the members of the Committee were present at the said meeting. The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting of the Company held on September 28, 2021.

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. R. Sridhar	Member	1(1)
$Mr. Munish Dayal	Member	0(0)
^Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from June 17, 2021*

#Ceased to be a Member from January 7, 2022

$Appointed as a Member from June 17, 2021

^Appointed as a Member from February 11, 2022

Terms of Reference

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

During the year under review, 2 complaints were received from investors / shareholders and both the complaints have been resolved to the satisfaction of the shareholders and none were pending as on March 31, 2022.

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

During the year under review, the IT Strategy Committee met twice on April 20, 2021 and July 16, 2021. The required quorum was present at both the meeting(s).

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	2(2)
*Mr. Pradeep Kumar	Member	1(1)
#Mr. Aditya Joshi	Member	1(1)
@Mr. Munish Dayal	Member	1(1)
$Mr. Amol Joshi	Member	2(2)
^Mr. R. Sridhar	Member	1(2)
^Ms. Jaya Janardanan	Member	2(2)
&Mr. Amit Ashwin Kothari	Member	0(0)
&Mr. Rakesh Kumar	Member	0(0)

**Ceased to be a Member from May 25, 2021*

#Ceased to be a Member from June 17, 2021

@Appointed as a Member from June 17, 2021

$Ceased to be a Member from December 27, 2021

^Ceased to be a Member from January 7, 2022

&Appointed as Members from January 7, 2022

Subsequent to the year under review, the IT Strategy Committee was reconstituted by appointment of Mr. Kapish Jain as Member and cessation of Mr. Rakesh Kumar and Mr. Kapish Jain as Members of the Committee.

Terms of Reference

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

OTHER COMMITTEES

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Ms. Sneha Singh, Mr. Jitendra Bhati, Mr. Jayant Gunjal and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Mr. Amol Joshi and Ms. Jaya Janardanan ceased to be Members and Mr. Jitendra Bhati and Mr. Jayant Gunjal were appointed as Members of the Committee.

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

Terms of Reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Deep Jaggi and Mr. Rakesh Kumar.

During the year under review, the Committee met once on June 15, 2021. All the Members were present at the said Meeting.

During the year under review, Mr. R. Sridhar and Ms. Jaya Janardanan ceased to be Members and Mr. Deep Jaggi and Mr. Rakesh Kumar (Grievance Redressal Officer) were appointed as Members of the Committee.

Subsequent to the year under review, the Grievance Redressal Committee was reconstituted by appointment of Mr. Siva Subramanian VP as a Member and cessation of Mr. Rakesh Kumar 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, 2022.

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. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani.

During the year under review, the Banking Committee met once on March 24, 2022. All the Members were present at the said Meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

During the year under review, the Banking Committee was reconstituted by appointment of Mr. Deep Jaggi and Ms. Kaumudi Biyani as Members and cessation of Mr. Pankaj Thapar, Mr. Amol Joshi and Mr. R. Sridhar as Members of the Committee.

Subsequent to the year under review, the Banking Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Jayant Gunjal, Ms. Kaumudi Biyani and Mr. Kapish Jain 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.

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises the Chief Executive Officer, Chief Financial Officer and Head – Debt Capital Markets / Treasury.

During the year under review, the Investment Committee was reconstituted by inducting Chief Executive Officer as Member of the Committee in place of Head – Corporate Lending.

The Committee meets on multiple occasions as and when required.

Terms of Reference

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

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

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

Composition:

The Management Committee comprises Mr. Deep Jaggi, Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Amol Joshi and Ms. Jaya Janardanan ceased to be Members of the Committee and Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia were appointed as Members of the Committee.

Subsequent to the year under review, the Management Committee was reconstituted by appointment of Mr. Kapish Jain, Mr. Karthikeyan Srinivasan, Mr. Amit Ashwin Kothari, Mr. Kashinath Palekar, Mr. B. Ravi Kumar, Mr. Hansraj Thakur and Mr. Arvind Uppal as Members and cessation of Mr. Jayant Gunjal, Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Benaifer Palsetia as Members of the Committee.

The Corporate Lending Committee comprises Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi ceased to be Members and Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani were appointed as Members of the Committee.

Subsequent to the year under review, the Corporate Lending Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Kaumudi Biyani as Members of the Committee.

The Retail Lending Committee comprises Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi ceased to be Members and Mr. Mohit Mairal and Ms. Kaumudi Biyani were appointed as Members of the Committee.

Subsequent to the year under review, the Retail Lending Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Kaumudi Biyani as Members 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 / associate companies and implement policies adopted by the Board of Directors.

Corporate Lending Committee

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

Retail Lending Committee

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

CODES AND POLICIES

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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

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

Investment and Loan Policy

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

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

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

Policy on Single / Group Exposure Norms

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

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

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

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

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

Risk Framework and Policy

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

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.

Resource Planning Policy

In terms of the requirement of the Guidelines on Private Placement of Non-Convertible Debentures prescribed vide the RBI NDSI Directions, to have a documented policy with respect to resource planning for every year, the Board of Directors adopted a 'Resource Planning Policy' for the year under review.

The Resource Planning Policy of the Company *inter-alia* promotes discipline in resource planning and raising of funds *inter-alia* through private placement of non–convertible debentures, bank borrowings, loan assignment and issuance of commercial paper, etc. and also covers the planning horizon and the periodicity of fund raising by the Company.

Fraud Risk Policy

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

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

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

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

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

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

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

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

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

Outsourcing Policy

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

Information Technology related Policies and Processes

In terms of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India, the Board of Directors adopted various polices for Information Technology (IT) risk management, resource management and performance management which *inter-alia* include the 'IT Policy', 'Information Security Policy', 'Cyber Security Policy', 'IS Audit Policy', 'Logical Access Management Policy', 'Change Management Policy', 'Backup Management & Restoration Policy', 'Asset Management Policy', 'Capacity Management Policy' and 'IT Outsourcing Policy'. Further, the Board of Directors adopted various IT processes to ensure effective implementation of the IT policies.

Policy on Co-origination of Loans with Banks

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 GST 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.

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.

During the year under review, the Related Party Transaction Policy was amended to align with the amendments in the Listing Regulations, *inter-alia* to specify that only independent directors shall approve the related party transactions at the Audit Committee Meeting, include definition to material related party transaction and material modification. 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. Deep Jaggi, 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.

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 and remuneration paid to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ In lacs)

Name of the Director	Sitting Fees	Remuneration*	Total
Mr. Bobby Parikh	8.90	10	18.90
Mr. Hemant Kaul	9.90	10	19.90
Ms. Naina Krishna Murthy	6.10	10	16.10

**Remuneration for the financial year 2020-21 paid during the financial year 2021-22*

Non-Executive Directors other than Independent Directors were not paid any remuneration during the year under review. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at 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(s)

Mr. R. Sridhar was appointed as Whole-Time Director of the Company for a period of five years with effect from April 18, 2017. Mr. Sridhar is entitled to gross salary of INR 3.20 crore per annum and fixed bonus of INR 6.80 crore per annum in accordance with the Management Contract executed with Mr. R. Sridhar on 31 January 2021 for his remaining tenure. As on March 31, 2022, Mr. Sridhar held 34,11,500 stock options of the Company.

Mr. Deep Jaggi was appointed as a Whole-Time Director designated as CEO of the Company, with effect from February 10, 2022 and in accordance with the Management Agreement dated January 7, 2022 is entitled to gross salary of INR 1.52 crore per annum for financial year 2021-22 along with perquisites, club membership etc. as per the Company's Policy(s) and at the Company's discretion is eligible to receive annual performance appraisal including incentive / variable bonus commencing from financial year 2021-22. As on March 31, 2022, Mr. Jaggi held 4,00,000 stock options of the Company.

Subsequent to the year under review, Mr. R. Sridhar ceased to be a Whole-Time Director designated as Vice-Chairman of the Company with effect from close of business hours on April 17, 2022, pursuant to expiry of his term of office as a Whole-Time Director designated as Vice-Chairman of the Company.

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.

During the year under review, the Dividend Distribution Policy was amended to align with the requirements of the Reserve Bank of India's circular on Declaration of dividends by NBFCs to *inter-alia* incorporate eligibility criteria for payment of dividend along with maximum dividend payout ratio, effective from April 1, 2022.

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.

GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2018-19	August 30, 2019	3:00 p.m.	• Re-appointment of Mr. Bobby Parikh as a Non-Executive Independent Director of the Company • Increase in Borrowing Limits of the Company • Issue of non-convertible debentures under private placement • Increase in aggregate limit of investment and holding by Foreign Portfolio Investors in the Equity Share Capital of the Company • Sale / Assignment / Securitisation of loan receivables of the Company upto ₹ 5,000 crore in a Financial Year	Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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 INR 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
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

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 January 7, 2022 which were passed with requisite majority on February 10, 2022, details of same are mentioned below:

Matters	Voting percentage of shareholders participated
• Alteration of the Articles of Association of the Company	% of vote in Favour: 99.9997% % of vote in Against: 0.0003%
• Appointment of Mr. Deep Jaggi (DIN 09412860) as a Whole-Time Director on the Board of Directors of the Company designated as Chief Executive Officer	% of vote in Favour: 99.9928% % of vote in Against: 0.0072%

Ms. 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

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 02/2021 and 21/2021 dated April 8, 2020, April 13, 2020, January 13, 2021 and December 14, 2021 respectively issued by the Ministry of Corporate Affairs.

None of the businesses to be transacted at the ensuing Annual General Meeting are proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly, half-yearly and annual 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.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	13th Annual General Meeting Date: September 29, 2022 Time: 11 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	Friday, September 23, 2022 to Thursday, September 29, 2022 (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, 2022, 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	Mr. Jitendra Bhati Company Secretary & Compliance Officer One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013. Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com
List of Credit Ratings along with any revisions during the financial year	**LONG TERM** **Debt Programme** CARE Ratings Limited — CARE AA- CRISIL Limited — CRISIL AA- **Market Linked Debentures** CARE Ratings Limited — CARE PP-MLD AA- **SHORT TERM DEBT PROGRAMME/COMMERCIAL PAPER:** CARE Ratings Limited — CARE A1+ ICRA Limited — ICRA A1+ CRISIL Limited — CRISIL A1+

Distribution of Shareholding as on March 31, 2022:

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	79,843	97.89	32,76,531	2.41
2	501 - 1000	776	0.95	6,14,617	0.45
3	1001 - 2000	444	0.55	6,71,571	0.49
4	2001 - 3000	142	0.17	3,60,702	0.27
5	3001 - 4000	75	0.09	2,76,302	0.20
6	4001 - 5000	68	0.08	3,23,903	0.24
7	5001 - 10000	101	0.12	7,43,345	0.55
8	10001 & above	118	0.15	12,98,12,324	95.39
Total		**81,567**	**100.00**	**13,60,79,295**	**100.00**

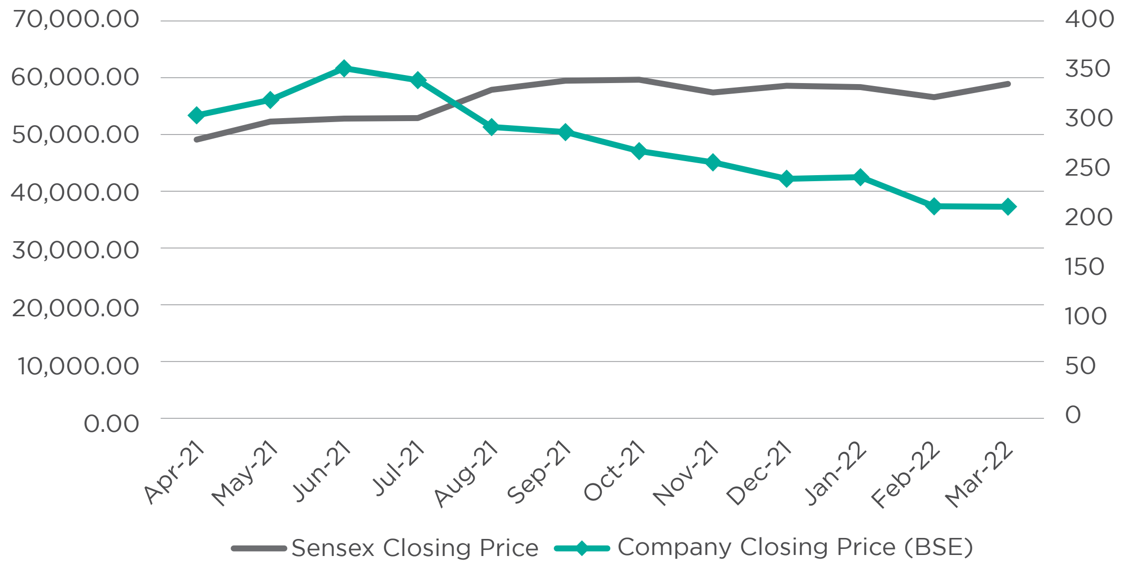
Shareholding Pattern as on March 31, 2022:

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	97,055	0.07
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	17,12,901	1.26
4	Financial Institutions / Banks	-	-
4	Insurance Companies	20,62,365	1.52
5	Individuals	79,04,196	5.80
6	Non-Resident Indians	2,81,870	0.21
7	Foreign Nationals	300	Negligible
8	Bodies Corporate	17,54,351	1.29
9	Others	8,68,031	0.64
	Total (B)	**1,46,81,069**	**10.79**
Total (A+B)		**13,60,79,295**	**100.00**

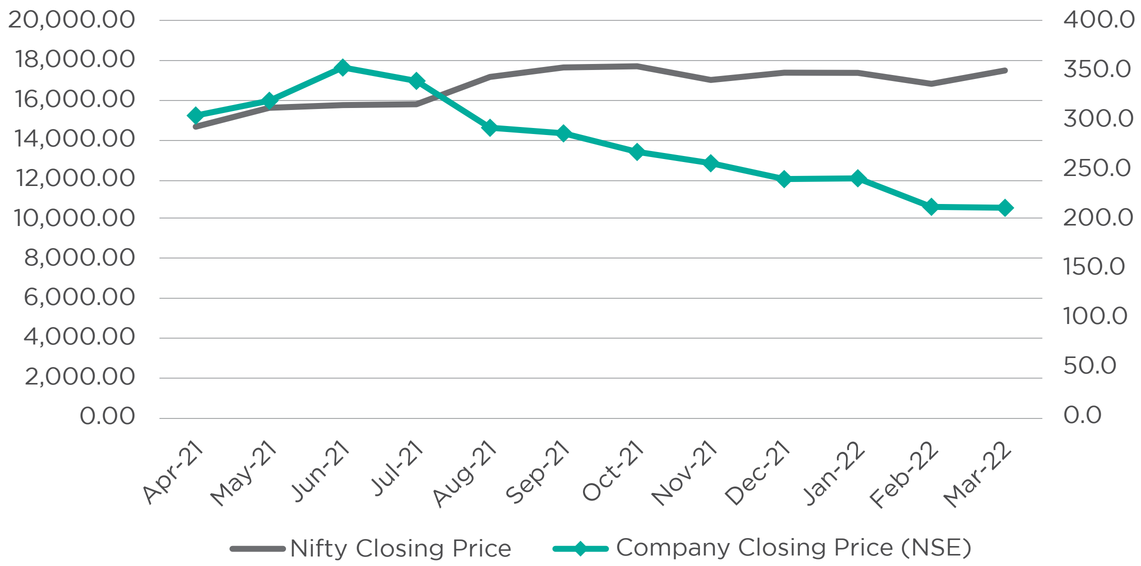
Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2022:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (INR₹)	Low (INR₹)	High (INR₹)	Low (INR)
April 2021	330.35	295.55	330.30	300.00
May 2021	329.00	295.05	330.00	298.50
June 2021	416.95	316.10	416.70	317.10
July 2021	362.95	335.05	362.45	335.35
August 2021	389.00	282.70	389.00	282.15
September 2021	306.60	275.00	309.40	274.90
October 2021	296.00	265.00	294.00	265.00
November 2021	300.70	239.80	301.40	240.10
December 2021	275.00	228.25	276.00	228.45
January 2022	295.30	234.70	296.40	233.00
February 2022	276.70	201.90	277.00	201.35
March 2022	246.50	205.80	249.00	205.50

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2022:



Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2022:



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 2021-22
FY 2021-22	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 INR 17,70,000 excluding applicable GST had been levied by NSE and BSE Limited as detailed below: 1. BSE and NSE levied penalty of ₹ 4,25,000 each excluding applicable GST for the period July 08, 2021 to September 30, 2021. 2. BSE and NSE levied penalty of ₹ 4,60,000 each excluding applicable GST for the period October 01, 2021 to December 31, 2021. Subsequent to the year under review, BSE and NSE levied penalty of ₹ 4,50,000 each excluding applicable GST for the period January 1, 2022 to March 31, 2022.

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, 2022. 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 Head - Internal Audit of the Company report directly to the Audit Committee of the Board.

Payment made to Statutory Auditor of the Company

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

₹ in lacs

Services / Particulars	Amount
Statutory and Tax Audit	296.00
Certification	5.10
Reimbursement of Expenses	4.74

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, 2022.

DECLARATION BY THE CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, Deep Jaggi, 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, 2022.

Place: Mumbai
Date : 5 August 2022

Deep Jaggi
Chief Executive Officer

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, 2022.

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, 2022, 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. R. Sridhar	00136697
3.	Mr. Dhanpal Jhaveri	02018124
4.	Mr. Vibhor Kumar Talreja	08768297
5.	Mr. Aditya Joshi	08684627
6.	Mr. Munish Dayal	01683836
7.	Mr. Hemant Kaul	00551588
8.	Ms. Naina Krishna Murthy	01216114
9.	Mr. Deep Kumar Jaggi	09412860

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number:F008274D000746231

Place: Mumbai
Date: August 05, 2022

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, 2022.

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, 2022.

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, 2022 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

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

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number:F008274D000746211

Place: Mumbai
Date: August 05, 2022

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 31 March, 2022, 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 of the matter described in 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 31 March, 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans are ₹448,399 lakhs and ₹153,484 lakhs respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.

   As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Company, appointed an external agency to:

   (a) review existence of the borrowers for the CV and SME loans;

   (b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

   (c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

   Further, the Audit Committee has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

   As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Company in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

   As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Company has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Notes 41.2 and 41.3 to the standalone financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review for:

i) the impairment allowance and therefore the carrying value of CV and SME loans;

ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

iii) the fair value of financial guarantee contracts relating to CV portfolio;

iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

v) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from i) to iv) above.

We conducted our audit 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 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.

Material uncertainty related to Going Concern

As discussed in Note 41.4 to the standalone financial statements, the total liabilities exceed the total assets maturing within 12 months by ₹220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 41.4 to the standalone financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Emphasis of Matters

1. We draw attention to Note 41.1 to the standalone financial statements, which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.

2. We draw attention to Note 45(XII) to the standalone financial statements, the Company has exceeded the Single Borrower limit / Group Borrower limit as at the year-end resulting into concentration of credit in terms of the Reserve Bank of India (RBI) Master Direction no. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated 1 September, 2016.

Our opinion is not modified in respect of these matters.

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 matters described in Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to communicate in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses (ECL) on Corporate loans:** (Refer Notes 5 and 2.3(f)(i) to the standalone financial statements) As at 31 March, 2022, Corporate loan assets aggregated ₹142,301 lakhs (net of ECL ₹14,547 lakhs), which are measured at amortised cost, constituting 16% of theCompany's total assets.	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 corporate loans that complies with policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on the Corporate loan assets measured at amortised cost.

	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 corporate loans 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 including the impact of COVID19 pandemic.	Our audit procedures related to the allowance for ECL on Corporate loans for the samples tested included the following, among others: • testing 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 applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring; • appropriateness of information used in the estimation of the PD and LGD; and • 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 including the impact of COVID19 pandemic.
2	**Impairment of Goodwill relating to Commercial Vehicle (CV) Business** (Refer Note 12 to the standalone financial statements) The Company has recognised Goodwill of ₹30,018 lakhs as at 31 March, 2022 (representing 3% of total assets) pertaining to CV business. The Company's evaluation of goodwill for impairment involves the comparison of the recoverable value of CV business to its carrying value. The Company determines the recoverable value based on value in use calculation, which requires management to make significant estimates and assumptions related to net income margin ("spread") and discount rate. Changes in these assumptions could have a significant impact on either the recoverable value, the amount of goodwill impairment charge, or both. As part of our risk assessment, we determined that the impairment of Goodwill has a high degree of estimation uncertainty which involved increased level of audit focus in view of losses incurred by the CV business and the Company during the year.	Principal audit procedures performed: Our audit procedures related to management's judgments regarding spread and discount rate assumptions used in determining the recoverable value of the CV business included the following, among others: • evaluating management's ability to accurately forecast future profits derived based on forecast spread by comparing actual results to management's historical forecasts. • We evaluated the reasonableness of management's forecast of spread assumptions by comparing the forecasts to: o Historical spread; o information included in Company press releases, analyst and industry reports for the Company and certain of its peer companies; o internal communications to management and the Board of Directors, including consideration of COVID19 impacting the forecast. • We evaluated the reasonableness of discount rate by testing the underlying information used in determination of the discount rate and the mathematical accuracy of the calculation.

3. **Deferred Tax Asset:** (Refer Notes 9 and 29 to the standalone financial statements) The Company has recognised Deferred tax assets (net) of ₹31,669 lakhs as at 31 March, 2022 (representing 4% of total assets). The Company recognises Deferred tax assets for all deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Management applies judgement to evaluate whether sufficient future taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilised within the timelines permissible by the applicable tax laws, to allow utilisation of the deferred tax asset so recognised. Further, the Company reviews the carrying amount of deferred tax assets at each reporting date and reduces 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. Given the Company has a history of recent losses and unused tax losses, we identified management's estimation of availability of sufficient taxable profit in future against which the unused tax losses can be utilised within the timelines permissible under the applicable tax laws as a key audit matter because of the significant judgments and estimates management makes related to estimation of taxable profits.	Principal audit procedures performed: Our audit procedures related to the estimation of availability of sufficient taxable profit in the future against which the unused tax losses can be utilised, included the following, among others: • Evaluation of management's ability to estimate taxable profit with reasonable accuracy by comparing actual results to management's historical estimates and evaluating whether there have been any changes that would affect management's ability to continue accurately estimating taxable profits. • Evaluation of sources of management's estimated taxable profit were of the appropriate nature and sufficient to utilize the deferred tax assets within the timelines permissible under the relevant tax law. • Evaluation of future taxable profit with evidence obtained in other areas of the audit.

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.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information 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.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to conclude whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) whether any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Management's Responsibility 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

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. Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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 the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS prescribed under section 133 of the Act.

   e. The matter described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

   f. On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

   h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   i. 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 and provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   j. 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 and on a best effort basis, other than as disclosed in Note 41.5 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief and on a best effort basis, other than as disclosed in Note 41.5 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances and subject to our modification in Basis of Qualified Opinion section above and the Company's inability to disclose all the required information specified in the schedule III to the Act as disclosed in Note 41.5 to the standalone financial statements, 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 dividend on compulsorily convertible preference shares declared and paid by the Company during the year is in accordance with section 123 of the Companies Act 2013. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year on its equity shares.

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 which is subject to the possible effect of the matters described in the Basis for Qualified Opinion section above.

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

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKAEC2016)

Place: Mumbai
Date: August 5, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 over financial reporting 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31 March, 2022. Control deficiencies were noted in:

a) entity level control environment related to governance and risk management policies pertaining to the loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loan portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, 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.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in 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 weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March, 2022, and these material weaknesses 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)

Neville M. Daruwalla
Partner
Place: Mumbai Membership No. 118784
Date: August 5, 2022 (UDIN: 22118784AOKAEC2016)

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 and to be read subject to the possible effects of matters described in the Basis for Qualified Opinion section above)

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, 2022 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. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above and should be read in conjunction with our reporting under clause (xi)(a) below.

(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 ₹26,449 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. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above.

(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 ₹118,092 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. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above.

(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 31 March, 2022, 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 31 March, 2022.

(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) In our opinion, moneys raised by way of initial public offer/ further public offer (including debt instruments) during the year have been, prima facie, applied by the Company for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(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) As described in the Basis for Qualified Opinion section above, the Audit Committee of the Company has appointed an external law firm to review the transactions pertaining to CV and SME loans portfolio for: (i) identifying the root cause for control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review"). As at the date of this report, the external law firm has not submitted their findings relating to the Conduct review to the Audit Committee of the Company. In the absence of this information, we are unable to comment as to whether any fraud by the Company or any 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) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report) and provided to us, while determining the nature, timing and extent of our audit procedures.

(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's internal audit system was deficient as it did not prevent a material weakness in internal controls over financial reporting as fully described in 'Annexure A' of our independent auditor's report.

(b) We have considered, the internal audit reports, issued to the Company during the year covering the period upto 31 March, 2022.

(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) Considering the standalone financial statements of the Company as presented, and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report, the effect of which we have been unable to determine, we are unable to state if the Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses in 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 which is not mitigated (refer Note 40 to the standalone financial statements) 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)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKAEC2016)

Place: Mumbai
Date: August 5, 2022

BALANCE SHEET

as at March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	7,180.23	26,862.05
Bank balances other than cash and cash equivalents	4	38,867.95	23,836.32
Loans	5	6,49,096.68	6,69,245.71
Investments	6	97,713.42	1,78,848.94
Other financial assets	7	8,956.43	12,223.71
		8,01,814.71	**9,11,016.73**
Non-financial assets			
Current tax assets (net)	8	6,636.87	11,824.56
Deferred tax assets (net)	9	31,669.41	14,519.20
Property, plant and equipment	10	6,938.06	5,920.90
Assets held for sale	11	1,300.00	1,609.37
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	1,103.75	348.45
Other non-financial assets	13	2,945.40	3,472.15
		80,612.18	**67,713.32**
TOTAL ASSETS		**8,82,426.89**	**9,78,730.05**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		30.15	7.80
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		238.88	420.45
Debt securities	15	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	16	3,50,504.82	3,74,790.64
Other financial liabilities	17	44,874.67	33,032.42
		5,93,442.14	**6,09,527.49**
Non-financial liabilities			
Provisions	18	612.03	697.83
Other non-financial liabilities	19	571.06	608.29
		1,183.09	**1,306.12**
TOTAL LIABILITIES		**5,94,625.23**	**6,10,833.61**
EQUITY			
Equity share capital	20	13,607.93	12,373.03
Preference share capital	20	-	1,206.90
Other equity	21	2,74,193.73	3,54,316.51
TOTAL EQUITY		**2,87,801.66**	**3,67,896.44**
TOTAL LIABILITIES AND EQUITY		**8,82,426.89**	**9,78,730.05**

See accompanying notes forming part of the financial statements 1 to 51

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	22		
Interest income		95,574.81	1,10,560.38
Fees and commission income		3,846.81	3,142.70
Net gain on fair value changes		2,310.14	4,803.20
Net gain on derecognition of financial instruments measured at amortised cost category		2,486.64	273.88
Total revenue from operations		**1,04,218.40**	**1,18,780.16**
Other income	23	1,135.87	546.56
Total income		**1,05,354.27**	**1,19,326.72**
Expenses			
Finance costs	24	51,430.77	69,224.61
Impairment on financial instruments	25	1,15,076.93	45,240.80
Employee benefit expenses	26	17,627.03	15,563.01
Depreciation and amortisation expenses	27	3,381.93	3,149.38
Other expenses	28	11,923.30	11,859.72
Total expenses		**1,99,439.96**	**1,45,037.52**
Profit/(loss) before tax		**(94,085.69)**	**(25,710.80)**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	456.55
3. Deferred tax expenses		(17,165.90)	(2,020.55)
Total tax expenses		**(17,165.90)**	**(1,564.00)**
Profit/(loss) after tax		**(76,919.79)**	**(24,146.80)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		55.66	8.36
- Income tax relating to items that will not be reclassified to profit or loss		(14.00)	(2.11)
		41.66	**6.25**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		6.72	(6.72)
- Income tax relating to items that will be reclassified to profit or loss		(1.69)	1.69
		5.03	**(5.03)**
Other comprehensive income for the year, net of tax		**46.69**	**1.22**
Total comprehensive income for the year		**(76,873.10)**	**(24,145.58)**
Earnings per equity share	30		
Basic earnings per share (₹)		(62.06)	(23.14)
Diluted earnings per share (₹)		(62.06)	(23.14)
(Equity Share of face value of ₹10 each)			

See accompanying notes forming part of the financial statements 1 to 51

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash Flow from Operating Activities**		
	Profit / (loss) before tax	(94,085.69)	(25,710.80)
	Adjustments for :		
	Interest income on financial assets	(95,574.81)	(1,10,560.38)
	Finance costs	51,430.77	69,224.91
	Depreciation and amortisation expense	3,381.93	3,149.38
	Loss on sale of property plant and equipment	31.81	614.23
	Impairment on financial instruments	1,15,076.93	45,240.80
	Impairment allowance on assets held for sale	-	108.76
	Provision for gratuity and compensated absences	193.09	49.76
	Employee share based payment expense	1,955.84	878.05
	Net gain on fair value changes	(2,310.14)	(4,803.20)
	Net gain on derecognition of financial instruments measured at amortised cost category	(2,486.64)	(273.88)
		(22,386.91)	**(22,082.37)**
	Interest income realised on financial assets	91,044.29	1,13,137.67
	Finance costs paid	(56,183.85)	(65,112.64)
	Cash generated from operating activities before working capital changes	**12,473.53**	**25,942.66**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(1,37,882.93)	72,805.72
	(Increase)/Decrease in other financial assets	3,476.25	21,154.39
	(Increase)/Decrease in other non-financial assets	850.05	679.44
	Increase/(Decrease) in trade payable	(159.22)	(528.78)
	Increase/(Decrease) in other financial liabilities	6,047.01	5,300.22
	Increase/(Decrease) in other non-financial liabilities	(37.26)	147.31
	Cash (used in)/generated from operating activities	**(1,15,232.57)**	**1,25,500.96**
	Taxes (paid) / refund	5,187.69	882.03
	Net cash (used in)/generated from operating activities (A)	**(1,10,044.88)**	**1,26,382.99**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,225.72)	(680.93)
	Sale of property, plant and equipment	9.70	644.72
	Purchase of intangible assets	(1,154.78)	(242.66)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(15,031.63)	13,832.90
	(Acquisition)/redemption of investments measured at FVTPL (net)	1,00,108.25	(99,459.54)
	(Acquisition)/redemption of investments measured at FVOCI (net)	12,672.72	(12,640.36)
	(Acquisition)/redemption of investments measured at amortised cost (net)	25,273.03	-
	Net cash (used in)/generated from investing activities (B)	**1,19,651.57**	**(98,545.87)**

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash Flow from financing activities**		
	Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	639.00	1,22,212.77
	Proceeds from bank borrowings	1,50,625.81	82,939.33
	Repayments towards bank borrowings	(1,75,551.88)	(2,08,267.03)
	Proceeds from issuance of Non-Convertible Debentures	74,590.00	55,000.00
	Repayments towards Non-Convertible Debentures	(1,04,579.99)	(78,500.00)
	Proceeds from/(repayments towards) Commercial Papers (net)	32,211.77	12,312.20
	Payment of lease liabilities	(1,373.90)	(1,375.86)
	Dividend paid on Compulsorily Convertible Preference Shares	(5,849.32)	-
	Net cash (used in)/generated from financing activities (C)	**(29,288.51)**	**(15,678.59)**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(19,681.82)**	**12,158.52**
	Cash and Cash Equivalents at the beginning of the year	**26,862.05**	**14,703.53**
	Cash and Cash Equivalents at the end of the year	**7,180.23**	**26,862.05**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	389.54	460.19
	Balances with banks		
	- in current accounts	6,786.64	10,325.06
	Deposits with original maturity of less than three months	4.05	16,076.80
	Total	**7,180.23**	**26,862.05**

See accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2022

(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 2022	12,373.03	-	12,373.03	1,234.90	13,607.93
As at 31 March 2021	9,245.09	-	9,245.09	3,127.94	12,373.03

(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 2022	1,206.90	-	1,206.90	(1,206.90)	-
As at 31 March 2021	-	-	-	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 2021	**2,91,370.27**	**25,905.39**	**0.43**	**5,375.17**	**1,971.29**	**29,698.99**	**(5.03)**	**3,54,316.51**
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	611.00	-	-	-	-	-	-	611.00
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	**2,92,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	**-**	**2,74,193.73**
(ii) Balance at 1 April 2020	**1,71,434.68**	**25,905.39**	**0.43**	**8,472.33**	**-**	**53,807.53**	**-**	**2,59,620.36**
Loss after tax for the year	-	-	-	-	-	(24,146.80)	-	(24,146.80)
Debt instruments through other comprehensive income	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	6.25	-	6.25
	-	**-**	**-**	**-**	**-**	**(24,140.55)**	**(5.03)**	**(24,145.58)**
Proceeds from issue of shares	1,17,877.92	-	-	-	-	-	-	1,17,877.92
Share based payment expense	-	-	-	963.81	-	-	-	963.81
Transfer from ESOP reserves	2,057.67	-	-	(4,060.97)	1,971.29	32.01	-	-
Balance at 31 March 2021	**2,91,370.27**	**25,905.39**	**0.43**	**5,375.17**	**1,971.29**	**29,698.99**	**(5.03)**	**3,54,316.51**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(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.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the 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.

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

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipment

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair 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.

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Useful life of assets different from prescribed in Schedule II of the Act has been estimated by management and supported by technical assessment.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of sale.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital 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 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

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instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

ECL on Trade Receivables:
The Company applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Company is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk
The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID-19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of 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:

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- 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 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.

(b) Financial guarantee contracts

The Company 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 Company estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Company 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 Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Company is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract(s);

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract(s);

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than 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.

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(g) ***Securitisation transactions :***
In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) ***Net gain/(loss) on Fair value changes***
Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) ***Sourcing and servicing fee***
The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised 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 33
(a) ***Gratuity***
The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) ***Compensated absences***
Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are

not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at

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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.

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.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents		
Cash on hand	389.54	460.19
Balances with banks		
- in current accounts	6,786.64	10,325.06
Deposits with original maturity of less than three months	4.05	16,076.80
	7,180.23	**26,862.05**

Note 4

Particulars	As at 31 March 2022	As at 31 March 2021
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	985.01	99.32
Earmarked deposits with banks	37,882.94	23,737.00
	38,867.95	**23,836.32**

Note 5

Particulars	As at 31 March 2022	As at 31 March 2021
Loans		
At amortised cost		
Business Loans		
Corporate lending	1,56,847.87	1,91,751.96
Small and medium enterprises lending (SME)	1,53,484.44	1,46,318.61
Commercial vehicle lending	4,48,398.97	3,58,655.68
Loan to subsidiary company	-	39,291.64
Other loans	2,024.13	1,738.50
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net	**6,49,096.68**	**6,69,245.71**
(a) Secured by tangible assets	7,18,173.66	6,82,615.11
(b) Unsecured	42,581.75	55,141.28
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net	**6,49,096.68**	**6,69,245.71**
Loans in India		
(a) Public sector	-	-
(b) Others	7,60,755.41	7,37,756.39
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net (a)	**6,49,096.68**	**6,69,245.71**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**6,49,096.68**	**6,69,245.71**

Footnotes:

i) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

ii) Loans covered under security receipts are presented as part of "Note 6 - Investment"

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of porperty and or equipment.

iv) Also refer Note 32.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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					
Investments as at 31 March 2022					
Mutual funds	-	-	29,403.01	-	29,403.01
Security Receipts*	41,280.54	-	-	-	41,280.54
Subsidiaries	-	-	-	45,246.51	45,246.51
Total - Gross	41,280.54	-	29,403.01	45,246.51	1,15,930.06
Investments in India	41,280.54	-	29,403.01	45,246.51	1,15,930.06
Investments outside India	-	-	-	-	-
Total - Gross	41,280.54	-	29,403.01	45,246.51	1,15,930.06
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)*

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*	45,245.51	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.*

Investments as at 31 March 2021

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Mutual funds	-	-	1,27,137.18	-	1,27,137.18
Security Receipts*	22,452.41	-	-	-	22,452.41
Treasury Bills	-	12,729.94	-	-	12,729.94
Subsidiaries	-	-	-	20,212.91	20,212.91
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Investments in India	22,452.41	12,729.94	1,27,137.18	20,212.91	1,82,532.44
Investments outside India	-	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Less: Impairment loss allowance	(3,683.50)	-	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,78,848.94**

(net of amount written off ₹ 9,315.85 lakhs)*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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*	20,211.91	100%
Total	**20,212.91**	

** includes cross charge of ₹ 211.91 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Note 7

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial assets		
Security deposit	4,494.52	945.24
Assignment receivables	2,430.82	2,691.43
Other receivables	2,297.07	10,487.56
	9,222.41	**14,124.23**
Less: Impairment loss allowance	(265.98)	(1,900.52)
	8,956.43	**12,223.71**

Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Note 8

Particulars	As at 31 March 2022	As at 31 March 2021
Current tax assets (net)		
Advance tax (net of provision)	6,636.87	11,824.56
	6,636.87	**11,824.56**

Note 9

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	32,731.69	15,066.92
Provision for gratuity	113.66	114.08
Provision for compensated absences	32.79	29.71
Debt instruments through OCI	-	1.69
Lease liabilities	43.37	38.98
Income amortisation	128.27	354.78
Other items of disallowance	581.14	-
Depreciation on PPE and intangible assets	682.80	515.38
Carried forward book losses	6,005.75	7,427.23
Total (A)	**40,319.47**	**23,548.77**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(611.79)	(677.38)
Borrowing cost amortisation	(483.17)	(797.09)
Total (B)	**(8,650.06)**	**(9,029.57)**
Net deferred tax asset (A-B) (also refer Note 29)	**31,669.41**	**14,519.20**

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment								
Cost as at 1 April 2020	**15.05**	**1,050.30**	**753.82**	**4,474.12**	**605.65**	**1,992.62**	**3,199.65**	**12,091.21**
Additions	-	-	7.43	241.58	23.34	408.58	1,523.55	2,204.48
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.00)	-	(332.99)	(1,416.91)
Cost as at 31 March 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 (A)	**15.05**	**-**	**812.94**	**5,320.45**	**712.91**	**3,548.35**	**5,885.92**	**16,295.62**
Accumulated depreciation as at 1 April 2020	**-**	**38.25**	**167.43**	**1,904.31**	**182.35**	**1,127.07**	**988.14**	**4,407.55**
Depreciation for the year	-	7.69	157.58	929.60	147.38	589.36	1,118.81	2,950.42
Disposals	-	(45.94)	(0.56)	(18.54)	(2.06)	-	(332.99)	(400.09)
Accumulated depreciation as at 31 March 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 (B)	**-**	**-**	**514.18**	**3,600.88**	**457.69**	**2,194.08**	**2,590.73**	**9,357.56**
Net carrying amount as at 31 March 2022 (A) - (B)	**15.05**	**-**	**298.76**	**1,719.57**	**255.22**	**1,354.27**	**3,295.19**	**6,938.06**
Net carrying amount as at 31 March 2021	**15.05**	**-**	**435.88**	**1,871.63**	**297.32**	**684.77**	**2,616.25**	**5,920.90**

** Mortgaged as security against Secured Non-convertible Debentures*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2022	As at 31 March 2021
Assets held for sale	1,708.88	2,018.25
Less: Provision	(408.88)	(408.88)
	1,300.00	**1,609.37**

Note 12

DESCRIPTION	Total
Goodwill	
Cost as at 1 April 2020	30,018.69
Acquisition of business	-
Cost as at 31 March 2021	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2022 (A)	**30,018.69**
Accumulated impairment as at 1 April 2020	-
Addition	-
Accumulated impairment as at 31 March 2021	-
Addition	-
Accumulated impairment as at 31 March 2022 (B)	-
Net carrying amount as at 31 March 2022 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2021	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2022. 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 16%. 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.

DESCRIPTION	Computer Software	Total
Intangible assets		
Cost as at 1 April 2020	**758.99**	**758.99**
Additions	242.66	242.66
Disposals	-	-
Cost as at 31 March 2021	**1,001.65**	**1,001.65**
Additions	1,154.78	1,154.78
Disposals	-	-
Cost as at 31 March 2022 (A)	**2,156.43**	**2,156.43**
Accumulated amortisation as at 1 April 2020	**454.24**	**454.24**
Amortisation recognised for the year	198.96	198.96
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**653.20**	**653.20**
Amortisation recognised for the year	399.48	399.48
Disposals	-	-
Adjustment	-	-
Accumulated amortisation as at 31 March 2022 (B)	**1,052.68**	**1,052.68**
Net carrying amount as at 31 March 2022 (A)- (B)	**1,103.75**	**1,103.75**
Net carrying amount as at 31 March 2021	**348.45**	**348.45**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2022	As at 31 March 2021
Other non-financial assets		
Prepaid expenses	1,121.28	1,071.36
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	1,824.12	2,400.79
	2,945.40	**3,472.15**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ Nil (Previous year ₹ 844.40 lakhs) as claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Dues to Micro, small and medium enterprises	30.15	7.80
Dues to Others	238.88	420.45
	269.03	**428.25**

Footnote : Also refer Note 36

Note 15

Particulars	As at 31 March 2022	As at 31 March 2021
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,53,269.65	1,88,963.98
Commercial paper (net of unamortised discount) (Refer note (b) below)	44,523.97	12,312.20
	1,97,793.62	**2,01,276.18**
Debt securities in India	1,97,793.62	2,01,276.18
Debt securities outside India	-	-
Total	**1,97,793.62**	**2,01,276.18**
Secured	95,769.65	1,88,963.98
Unsecured	1,02,023.97	12,312.20
Total	**1,97,793.62**	**2,01,276.18**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 6.77% <= 11.40%	Rate of interest >= 8.08% <= 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	-	2,492.77
24-36 Months	2,495.61	18,945.03
12-24 Months	36,704.48	51,849.55
0-12 Months	1,14,069.56	1,15,676.63
Total	**1,53,269.65**	**1,88,963.98**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(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 ₹ 96,932 lakhs (March 2021: ₹ 1,99,479 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 2022	As at 31 March 2021
	Rate of interest >=6.30% <= 7.00%	Rate of interest =8.50%
	Amount	Amount
0-12 Months	44,523.97	12,312.20
Total	**44,523.97**	**12,312.20**

Note 16

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	1,91,966.39	2,07,888.89
Term loans from Financial Institutions (Refer note (a) below)*	35,957.50	51,625.00
Loans repayable on demand		
Working capital demand loans from banks **	25,600.00	18,100.00
Bank overdrafts **	1,363.40	-
Other borrowings (including Inter Corporate Deposits)	95,617.53	97,176.75
Total	**3,50,504.82**	**3,74,790.64**
Borrowings in India	3,50,504.82	3,74,790.64
Borrowings outside India	-	-
Total	**3,50,504.82**	**3,74,790.64**
Secured borrowings	3,49,386.71	3,72,441.28
Unsecured borrowings	1,118.11	2,349.36
Total	**3,50,504.82**	**3,74,790.64**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI (TL):
Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=7.25% <= 11.00%	Rate of interest >= 6.21% <= 11.00%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	6,079.89
36-48 Months	10,647.81	19,275.98
24-36 Months	33,609.28	53,524.53
12-24 Months	82,888.78	67,903.96
0-12 Months	1,00,778.02	1,12,729.53
Total	**2,27,923.89**	**2,59,513.89**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset*

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

 # also refer 31(G)

(b) Working capital demand loans:
Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=6.75% <= 7.60%	Rate of interest >= 6.50% <= 7.35%
	Amount	Amount
0-12 Months	25,600.00	18,100.00
Total	**25,600.00**	**18,100.00**

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 2022	As at 31 March 2021
Other financial liabilities		
Book overdraft	14,326.14	7,764.51
Employee benefits payable	908.58	2,351.82
Unamortised lease liabilities	3,467.38	2,771.14
Others	26,172.57	20,144.95
	44,874.67	**33,032.42**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

Note 18

Particulars	As at 31 March 2022	As at 31 March 2021
Provisions		
Provision for employee benefits:		
- Gratuity	451.61	453.27
- Compensated absences	130.30	118.05
Others :		
- Expected credit loss on undrawn loan commitments	30.12	126.51
	612.03	**697.83**

Note 19

Particulars	As at 31 March 2022	As at 31 March 2021
Non-financial liabilities		
Statutory dues payable	571.06	608.29
	571.06	**608.29**

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

	As at 31 March 2022		As at 31 March 2021	
	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 Shares 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	12,37,30,329	12,373.03
Compulsorily Convertible Preference Shares of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	**13,60,79,295**	**13,607.93**	**13,57,99,295**	**13,579.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Add: Shares issued during the year	1,23,48,966	1,234.90	3,12,79,414	3,127.94
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**12,37,30,329**	**12,373.03**

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		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%	6,44,13,672	52.06%

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, 2022
(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 2022		As at 31 March 2021	
		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%	6,44,13,672	52.06%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,75,94,228	38.47%

(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 2022, 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.

(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

	As at 31 March 2022		As at 31 March 2021	
	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	-	-	1,20,68,966	1,206.90
Less: Shares converted into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

Footnote: During the year 1,20,68,966 Equity Shares were alloted 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) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		**-**	**-**	**1,20,68,966**	**100%**

(h) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%

(i) Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):

CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

(j) 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.

(k) 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 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%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	6,44,13,672	52.06%	52.06%
Indostar Capital (Mauritius)	4,75,94,228	38.47%	(18.42%)

(l) 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 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 21

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Securities premium	2,92,207.63	2,91,370.27
Share options outstanding account	7,081.96	5,375.17
General reserve	2,026.78	1,971.29
Retained earnings	(53,028.46)	29,698.99
Debt instruments through other comprehensive income	-	(5.03)
	2,74,193.73	**3,54,316.51**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at 31 March 2022	As at 31 March 2021
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	-	-
Closing Balance	**25,905.39**	**25,905.39**
Securities premium		
Opening Balance	2,91,370.27	1,71,434.68
Less : Share issue expenses	-	(2,970.70)
Add: Tranfer from ESOP reserves	226.36	2,057.67
Add : Premium collected on share allotment	611.00	1,20,848.62
Closing Balance	**2,92,207.63**	**2,91,370.27**
	-	
Share options outstanding account		
Opening Balance	5,375.17	8,472.33
Movement during the year	1,706.79	(3,097.16)
Closing Balance	**7,081.96**	**5,375.17**
General reserve		
Opening Balance	1,971.29	-
Movement during the year	55.49	1,971.29
Closing Balance	**2,026.78**	**1,971.29**
Retained earnings		
Opening Balance	29,698.99	53,807.53
Add: Remeasurement of defined benefit obligations	41.66	6.25
Add: Transferred from the statement of profit and loss	(76,919.79)	(24,146.80)
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	-	-
Add: Transfer from Share options outstanding account	-	32.01
Less: Payment of dividend on CCPS	(5,849.32)	-
Closing Balance	**(53,028.46)**	**29,698.99**
Other Comprehensive Income		
Opening balance	(5.03)	-
Add: Debt instruments through other comprehensive income	5.03	(5.03)
Closing balance	**-**	**(5.03)**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

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/forefeiture of options by employees.

21.3 Dividend paid and proposed

The Board of Directors of the Company at their meeting held on 17 June 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend – ₹ 3,500.00 lakhs and withholding tax - ₹ 388.89 lakhs) for the period from 27 May 2020 to 26 May 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, 17 June 2021.

The Board of Directors of the Company vide resolution dated 26 November 2021 approved Payment of dividend due on 1,20,68,966 Compulsorily Convertible Preference Shares (CCPS), at rate of 10% p.a. calculated on the issue price of ₹ 290 per CCPS amounting to ₹ 1,960.42 lakhs (dividend – ₹ 1,764.38 lakhs and withholding tax - ₹ 196.04 lakhs), for the period 27 May 2021 to 26 November 2021 (i.e. till the date of conversion), pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holder(s) for payment of said dividend as Friday, 26 November 2021.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	93,823.06	1,08,201.77
Interest on deposits		
- Deposits with banks	1,188.02	2,262.31
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	563.73	96.30
	95,574.81	**1,10,560.38**
Fees and commission income		
- Syndication, advisory & other fees	3,846.81	3,142.70
	3,846.81	**3,142.70**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,374.08	4,803.20
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	(63.94)	-
Total fair value changes	**2,310.14**	**4,803.20**
Fair value changes:		
- Realised	2,305.66	2,865.78
- Unrealised	4.48	1,937.42
Total fair value changes	**2,310.14**	**4,803.20**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	2,196.16	-
- Assignment Income	290.48	273.88
	2,486.64	**273.88**
Total	**1,04,218.40**	**1,18,780.16**

Note 23

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other income		
Miscellaneous income	156.63	248.66
Interest on income tax refund	979.24	297.90
	1,135.87	**546.56**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	24,622.33	31,429.51
Other borrowings (including Inter Corporate Deposits)	8,923.22	13,570.31
Interest expense on debt securities		
Debentures	16,228.69	22,510.66
Commercial paper	920.27	791.46
Other interest expense		
Bank charges & other related costs	736.26	922.67
	51,430.77	**69,224.61**

Note 25

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	56,181.20	16,118.18
Financial assets written off (net of recovery)	57,763.70	29,285.35
Impairment on others		
Undrawn loan commitments	(96.39)	(85.27)
Provision for corporate guarantee	-	135.18
Provision on co-lending arrangements	1,351.25	(578.62)
Others	(122.83)	365.98
	1,15,076.93	**45,240.80**

Note 26

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employee Benefits Expenses		
Salaries, other allowances and bonus	15,109.41	14,053.09
Gratuity expenses	163.24	158.01
Compensated absences	29.85	(108.25)
Contribution to provident and other funds	631.87	556.81
Staff welfare expenses	109.78	79.35
Share based payment expense	1,955.84	878.05
Employee shared service costs recovered	(372.96)	(54.05)
	17,627.03	**15,563.01**

Note 27

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,982.45	2,950.42
Amortisation of intangible assets	399.48	198.96
	3,381.93	**3,149.38**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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Note 28

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other Expenses		
Rent	805.84	632.36
Rates & taxes	120.04	208.58
Printing and stationery	184.83	93.74
Travelling & conveyance	716.97	473.38
Advertisement	64.39	49.85
Business Promotion	14.05	12.21
Commission & brokerage	16.04	9.38
Office expenses	1,496.93	1,101.46
Directors' fees & commission	58.97	23.11
Insurance	441.05	360.80
Communication expenses	527.45	385.09
Payment to auditors (note below)	305.84	65.60
CSR expenses (note below)	81.01	203.32
IT Support charges	2,178.08	1,549.11
Legal & professional charges	5,261.92	6,261.27
Loss on sale of property plant and equipment	31.81	614.23
Membership & subscriptions	102.35	48.42
Other shared service costs recovered	(651.41)	(369.00)
Other fees and commission	167.14	-
Impairment allowance on assets held for sale	-	108.76
Provision on employee advance	-	28.05
	11,923.30	**11,859.72**
Payment to auditor includes:		
a) Statutory Audit	293.00	50.09
b) Tax Audit	3.00	3.00
c) Certifications	8.61	6.18
d) Others	13.84	6.33
Total	**305.84**	**65.60**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	203.32
b) Amount of expenditure incurred	81.01	190.28
c) Shortfall at the end of the year	-	13.04
d) Total of previous years shortfall	-	13.04
e) Reason for short fall	NA	refer footnote below
f) Nature of CSR activities	Education, Women empowerment	Education, Women empowerment
g) Details of related party transactions (refer note 32)	-	25.00

Foot note:

Two projects supported by the Company namely BOSCONET and Habitat for Humanity were spanning over two years i.e. FY 2020-21 and FY 2021-22, and hence some portion of funds allocated to these projects was spent in FY 2021-22. The Company exercises prudence in selecting projects and implementation partners for its CSR activities. In many cases since the funding requirement of evaluated projects was tied-up, the Company could not spend entire amount as prescribed under the Act.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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Note 29
Income Taxes
(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	456.55
	-	**456.55**
Deferred tax expense		
Origination and reversal of temporary differences	(17,165.90)	(2,020.55)
	(17,165.90)	**(2,020.55)**
Tax expense for the year	**(17,165.90)**	**(1,564.00)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	55.66	(14.00)	41.66	8.36	(2.11)	6.25
- Debt instruments through other comprehensive income	6.72	(1.69)	5.03	(6.72)	1.69	(5.03)
	62.38	(15.69)	46.69	**1.64**	**(0.42)**	**1.22**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/(loss) before tax	**(94,085.69)**	**(25,710.80)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(23,679.49)	(6,470.89)
Difference in tax rate due to:		
- Effect of non-deductible expenses	925.75	57.44
- Effect of change in tax rate (refer footnote below)	-	4,958.04
- Tax expense of earlier years	-	456.55
- Others	5,587.84	(565.14)
Total tax expense	**(17,165.90)**	**(1,564.00)**
Effective tax rate	**18.24%**	**6.08%**
Current tax	-	-
Tax of earlier years	-	456.55
Deferred tax	(17,165.90)	(2,020.55)
Tax expense for the year	**(17,165.90)**	**(1,564.00)**

Footnote:

During the previous year, the Finance Act, 2021 introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company recognised one time tax expense amounting to ₹ 4,958.04 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(d) 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				
Fair valuation of security deposits	-	-	-	-
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**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2021			
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	9,950.13	5,116.79	-	15,066.92
Provision for gratuity	72.11	44.08	(2.11)	114.08
Provision for leave encashment	73.64	(43.93)	-	29.71
Debt instruments through OCI	-	-	1.69	1.69
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	638.85	(284.07)	-	354.78
Depreciation on PPE and intangible assets	507.98	7.40	-	515.38
Lease liabilities	(206.09)	245.07	-	38.98
Carried forward losses	5,570.84	1,856.39	-	7,427.23
Deferred tax liability				
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.07)	(4,958.03)	-	(7,555.10)
Assignment income amortisation	(881.30)	203.92	-	(677.38)
Borrowing cost amortisation	(1,251.63)	(454.54)	-	(797.09)
Deferred tax assets / (Liabilities)	12,499.07	2,020.55	(0.42)	14,519.20

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 ₹ 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(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 2022	For the year ended 31 March 2021
i. **Profit attributable to equity holders (A)**		
Profit/(loss) for the year	(76,919.79)	(24,146.80)
Less: Dividend on compulsorily convertible preference shares (CCPS)	(2,557.08)	(3,292.24)
Profit/(loss) attributable to equity holders for basic and diluted EPS	**(79,476.87)**	**(27,439.04)**
ii. **Weighted average number of equity shares for calculating Basic EPS (B)**	12,80,64,878	11,85,72,703
iii. **Weighted average number of equity shares for calculating Diluted EPS (C)**	12,80,64,878	11,85,72,703
iv. **Basic earnings per share (₹) (A/B)**	(62.06)	(23.14)
v. **Diluted earnings per share (₹) (A/C)**	(62.06)	(23.14)

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 well 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, 2022
(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 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
Total	**29,403.01**	**-**	**23,063.90**	**52,466.91**	**29,403.01**	**-**	**23,063.90**	**52,466.91**

** 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, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2021							
	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	1,27,137.18	-	-	1,27,137.18	1,27,137.18	-	-	1,27,137.18
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills	-	12,729.94	-	12,729.94	12,729.94	-	-	12,729.94
Total	**1,27,137.18**	**12,729.94**	**18,768.91**	**1,58,636.03**	**1,39,867.12**	**-**	**18,768.91**	**1,58,636.03**

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	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	22,452.41	22,452.41	-	-	-	-
New assets originated or purchased	-	-	41,905.00	41,905.00	-	14,450.00	10,710.00	25,160.00
Assets derecognised or repaid (excluding write offs)	-	-	(23,076.87)	(23,076.87)	-	-	(2,707.59)	(2,707.59)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	(14,450.00)	14,450.00	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452.41**

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	3,683.50	3,683.50	-	-	-	-
Incremental provisions	-	-	14,533.14	14,533.14	-	-	3,683.50	3,683.50
Impairment loss allowance - closing balance	**-**	**-**	**18,216.64**	**18,216.64**	**-**	**-**	**3,683.50**	**3,683.50**

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
Loans covered under Ind AS 109	-	-	6,49,096.68	6,49,096.68	-	-	6,49,096.68	6,49,096.68
Total	-	-	**6,49,096.68**	**6,49,096.68**	-	-	**6,49,096.68**	**6,49,096.68**

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Particulars	As at 31 March 2021							
	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	-	-	6,69,245.71	6,69,245.71	-	-	6,69,245.71	6,69,245.71
Total	-	-	6,69,245.71	6,69,245.71	-	-	6,69,245.71	6,69,245.71

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

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').

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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 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:

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12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

Forward looking information
The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- 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	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3[$]	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**5,19,657.58**	**1,85,611.90**	**32,486.91**	**7,37,756.39**	**6,80,890.20**	**1,45,053.19**	**38,933.76**	**8,64,877.15**
New assets originated or purchased	2,65,517.66	45,218.59	65,901.08	3,76,637.33	1,70,156.60	5,257.07	662.11	1,76,075.78
Assets derecognised or repaid (excluding write offs)	(1,42,760.23)	(67,497.13)	(48,965.25)	(2,59,222.61)	(2,12,040.62)	(31,875.85)	(4,834.72)	(2,48,751.19)
Transfers to stage 1	5,300.36	(5,001.58)	(298.78)	-	15,122.29	(12,502.26)	(2,620.03)	-
Transfers to stage 2	(98,365.44)	98,417.37	(51.93)	-	(1,20,286.60)	1,22,719.49	(2,432.89)	-
Transfers to stage 3	(71,513.48)	(40,619.22)	1,12,132.70	-	(11,572.21)	(17,093.19)	28,665.40	-
Amounts written off (net of recovery)	(6,088.67)	(12,677.08)	(33,744.95)	(52,510.70)	(2,612.08)	(11,496.55)	(15,176.72)	(29,285.35)
Presented under Investment as Security Receipts*	-	(32,537.15)	(9,367.85)	(41,905.00)	-	(14,450.00)	(10,710.00)	(25,160.00)
Gross carrying amount closing balance	**4,71,747.78**	**1,70,915.70**	**1,18,091.93**	**7,60,755.41**	**5,19,657.58**	**1,85,611.90**	**32,486.91**	**7,37,756.39**

** 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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Reconciliation of Impairment loss allowance is given below:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**	**35,986.42**	**14,067.20**	**7,454.61**	**57,508.23**
New assets originated or purchased	4,316.49	10,124.09	35,115.17	49,555.75	2,393.05	431.91	587.87	3,412.83
Assets derecognised or repaid (excluding write offs)	(21,596.82)	(5,546.86)	285.09	(26,858.59)	(15,060.31)	(1,784.87)	(530.23)	(17,375.41)
Transfers to stage 1	843.28	(718.93)	(124.35)	-	1,197.56	(573.83)	(623.73)	-
Transfers to stage 2	(1,742.35)	1,780.39	(38.04)	-	(1,657.78)	2,212.38	(554.59)	0.01
Transfers to stage 3	(951.62)	(5,190.99)	6,142.61	-	(2,983.91)	(1,480.96)	4,464.87	-
"Impact on year end ECL of exposures transferred between stages during the year*"	44.83	19,507.13	21,085.33	40,637.29	8,312.91	9,947.86	16,502.34	34,763.11
Amounts written off (net of recovery)	(308.37)	(6,694.15)	(13,183.88)	(20,186.40)	(20.10)	(751.86)	(9,026.13)	(9,798.09)
Impairment loss allowance - closing balance	**8,773.28**	**35,328.51**	**67,556.94**	**1,11,658.73**	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**

F. Risk Management amidst COVID-19:

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information upto the date of approval of these financial statements. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

The Company has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

G. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews

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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 liabilites as on balance sheet date have been provided below:
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	-	1,97,793.62
Borrowings (other than debt securities)	47,231.97	1,07,303.50	1,64,747.78	31,221.57	3,50,504.82
Other financial liabilities	41,687.86	690.52	1,983.56	512.73	44,874.67
Total	**1,56,723.67**	**1,99,052.74**	**2,05,931.43**	**31,734.30**	**5,93,442.14**

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, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.

- Also refer note 42

As on 31 March 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	428.25	-	-	-	428.25
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)	72,234.16	96,247.88	1,80,766.01	25,542.59	3,74,790.64
Other financial liabilities	30,517.66	750.93	1,564.77	199.06	33,032.42
Total	**1,59,259.21**	**1,68,908.51**	**2,55,618.12**	**25,741.65**	**6,09,527.49**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

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I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

J. Capital Disclosure

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

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR – Tier I capital (%)	25.8%	34.6%
CRAR – Tier II capital (%)	0.0%	0.0%
CRAR (%)	**25.8%**	**34.6%**

The reduction in CRAR as compared to previous year is primarily due to reduction in Owned funds on account of losses incurred during the year.

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

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

Key Managerial Personnel
R. Sridhar - Vice-Chairman; (CEO upto 7 January 2022)
Deep Jaggi - CEO (from 7 January 2022)
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

Other related parties - enities in which Key Managerial Personnel has interest/significant influence *
Avasara Leadership Institute

** as defined in Para 9 of Ind AS 24 identified based on representation received from Key Managerial Personnel and information available with the Company.*

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Subscription to Equity Shares of the Company by Holding Company	-	87,500.00
Subscription to Compulsorily Convertible Preference Shares (CCPS) of the Company by Holding Company	-	35,000.00
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	-

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term employee benefits	305.57	1,204.12
Sitting fees to Non-Executive Independent Directors	58.97	23.87
Reimbursement of expenses	9.00	6.63
Loan Given	-	2,500.00

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

The Company has paid managerial remuneration for the year ended 31 March 2022 to Mr. R. Sridhar, Whole-Time Director designated as Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the members of the Company under the provisions of section 197 read with Schedule V to the Companies Act, 2013 ("Act").

d) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies	Other related parties
Recovery of expenses	2022	1,140.67	-
	2021	531.72	-
Investment in subsidiary*	2022	25,000.00	-
	2021	-	-
Loan given/(repaid) to subsidiary (net)*	2022	(38,000.00)	-
	2021	13,000.00	-
Interest income on loan to subsidiary	2022	2,410.16	-

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Particulars		Subsidiary Companies	Other related parties
	2021	4,021.26	-
Professional fees	2022	-	-
	2021	-	35.65
Corporate social responsibility expenses	2022	-	-
	2021	-	25.00

** Conversion of loan into Equity shares of subsidiary*

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

Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel*
Investment in subsidiary	2022	-	45,246.51	-
	2021	-	20,212.91	-
Reimbursement of expenses	2022	-	1,197.51	-
	2021	-	493.17	-
Loans outstanding	2022	-	-	2,500.00
	2021	-	39,291.64	2,500.00

** interest free loan to KMP*

Note 33
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of Services or service		
Syndication, advisory & other fees	3,846.81	3,142.70
Total revenue from contracts with customers	**3,846.81**	**3,142.70**
Geographical markets		
India	3,846.81	3,142.70
Outside India	-	-
Total revenue from contracts with customers	**3,846.81**	**3,142.70**
Timing of revenue recognition		
Services transferred at a point in time	3,846.81	3,142.70
Services transferred over time	-	-
Total revenue from contracts with customers	**3,846.81**	**3,142.70**

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Note 34
Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities:		
Corporate guarantee given by Company to banks	4,125.00	5,652.78
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	102.21	50.42
Loans sanctioned not yet disbursed	21,751.49	37,203.20

Note 35
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2,771.14	2,370.90
Add : Adjustments/additions during the year	2,659.71	1,355.04
Add : Interest on lease liability	311.00	252.55
Less : Deletions	(900.57)	-
Less : Lease rental payments	(1,373.90)	(1,207.35)
	3,467.38	**2,771.14**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	1,250.51	1,233.52
Later than one year but not later than five years	2,562.85	1,884.77
Later than five years	652.50	262.10
	4,465.86	**3,380.39**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability		
Less than 12 months	971.09	1,007.30
More than 12 months	2,496.29	1,763.84
	3,467.38	**2,771.14**

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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 2022	As at 31 March 2021
Particulars	30.15	7.80
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises		

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

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 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	-	-	-	-	-

As at 31 March 2021

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	7.80	-	-	-	7.80
(ii) Others	140.60	233.85	46.00	-	420.45
(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.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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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 2022	As at 31 March 2021
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	455.70	457.11
Fair value of plan assets as at the end of the year	4.09	3.84
Net (asset) / liability to be recognized in the balance sheet	**451.61**	**453.27**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	457.11	394.42
Current service cost	138.87	127.46
Past service cost	-	-
Interest cost	27.89	26.34
Benefits paid	(109.24)	(78.85)
Addition on account of business combination	-	-
Actuarial (gain) / loss on obligation	(58.93)	(12.26)
Projected benefit obligation at the end of the year	**455.70**	**457.11**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	3.84	3.59
Return on plan assets	3.52	4.15
Actuarial gain/(loss)	(3.27)	(3.90)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.09**	**3.84**
D. Amount recognised in the statement of profit and loss		
Current service cost	138.87	127.46
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	24.37	22.19
Expenses recognised in the statement of profit and loss	**163.24**	**149.65**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(24.78)	19.16
- experience variation	(34.15)	(31.42)
Return on plan assets, excluding amount recognised in net interest expense	3.27	3.90
	(55.66)	**(8.36)**
F. Assumptions used		
Discount rate	6.95%	6.35%
Salary growth rate	6.00%	6.00%
Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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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 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	436.64	476.20	437.95	477.75
Salary growth rate (0.5% movement)	474.31	438.06	474.62	440.35
Withdrawal rate (10% movement)	454.73	456.42	454.80	459.24

H. Other information :

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is ₹ 177.06 lakhs.
3. The average outstanding term of the obligations as at valuation date is 9.19 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

Note 38
Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Directors, whether a whole time Director or otherwise but excluding Non-Executive Independent Directors, including the Directors of the Company, or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid employees who are on deputation at the request of the Company and during the year ended 31 March 2022, 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 2022, 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	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.				

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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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	NA
Method used for accounting of options	Fair Value Method

II. 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	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
Weighted average market price of options excercised for the year ended 31 March 2022 (₹)	-	300.12	309.57	-	-

III. Option Movement during the year ended March 2021

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	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options Granted during the year	-	-	-	-	15,75,000
Options Forfeited / Lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options Exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Money realised by exercise of options (₹ Lakhs)	95.60	573.75	2,009.40	-	-
Number of options Outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000.00
Number of Options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500.00
Weighted average market price of options excercised for the year ended 31 March 2021 (₹)	284.55	331.06	309.72	-	-

IV. *Weighted Average remaining contractual life*

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on 31 March 2022	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Contractual Life (in years)	5.75	4.39	2.49	4.08	4.66

V. *Method and Assumptions used to estimate the fair value of options granted:*

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	6.00%	5.00%	NA	NA	5.33%
2. Expected Life(in years)	5.01	4.00	NA	NA	4.00
3. Expected Volatility	43.72%	43.00%	NA	NA	44.03%
4. Dividend Yield	0.0%	0.0%	NA	NA	0.0%
5. Exercise Price	218.00	262.55	NA	NA	288.20
6. Price of the underlying share in market at the time of the option grant.(₹)	217.85	262.55	NA	NA	288.20

VI. *Effect of share-based payment transactions on the Company's Profit or Loss for the year:*

Particulars	31-Mar-22	31-Mar-21
Employee share based expense	1,955.84	878.05
Total ESOP reserve outstanding	**7,081.96**	**5,375.17**

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.

(Currency : Indian Rupees in Lakhs)

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 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	7,180.23	-	7,180.23	26,862.05	-	26,862.05
Bank balances other than cash and cash equivalents	4	985.01	37,882.94	38,867.95	99.32	23,737.00	23,836.32
Loans	5	1,37,947.07	5,11,149.61	6,49,096.68	1,57,154.78	5,12,090.93	6,69,245.71
Investments	6	29,403.01	68,310.41	97,713.42	1,39,867.11	38,981.83	1,78,848.94
Other financial assets	7	2,297.07	6,659.36	8,956.43	4,101.84	8,121.87	12,223.71
Non-financial assets							
Current tax assets (net)	8	-	6,636.87	6,636.87	-	11,824.56	11,824.56
Deferred tax assets (net)	9	-	31,669.41	31,669.41	-	14,519.20	14,519.20
Property, plant and equipment	10	-	6,938.06	6,938.06	-	5,920.90	5,920.90
Assets held for sale	11	1,300.00	-	1,300.00	1,609.37	-	1,609.37
Goodwill		-	30,018.69	30,018.69	-	30,018.69	30,018.69
Intangible assets	12	-	1,103.75	1,103.75	-	348.45	348.45
Other non-financial assets	13	2,945.40	-	2,945.40	3,472.15	-	3,472.15
TOTAL ASSETS		**1,82,057.79**	**7,00,369.10**	**8,82,426.89**	**3,33,166.62**	**6,45,563.43**	**9,78,730.05**

Particulars	Note	As on 31 March 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	269.03	-	269.03	428.25	-	428.25
Debt securities	15	1,58,593.53	39,200.09	1,97,793.62	1,27,988.84	73,287.34	2,01,276.18
Borrowings (other than debt securities)	16	1,54,535.46	1,95,969.36	3,50,504.82	1,68,482.04	2,06,308.60	3,74,790.64
Other financial liabilities	17	42,378.38	2,496.29	44,874.67	31,268.58	1,763.84	33,032.42
Non-financial liabilities							
Provisions	18	192.74	419.29	612.03	163.06	534.77	697.83
Other non-financial liabilities	19	571.06	-	571.06	608.29	-	608.29
TOTAL LIABILITIES		**3,56,540.20**	**2,38,085.03**	**5,94,625.23**	**3,28,939.06**	**2,81,894.55**	**6,10,833.61**

** also refer note 31(G)*

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Note 41 - Other notes
Note 41.1

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information upto the date of approval of these financial statements. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

The Company has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Note 41.2

Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company, the Audit Committee of the Company had approved the appointment of an independent external agency for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of the commercial vehicle loan (CV) portfolio and small and medium enterprise (SME) loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

(a) Review existence of the borrowers of the CV and SME loans;

(b) Assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

(c) Review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans; and upon completion of (a), (b) and (c), the Audit Committee has also additionally initiated 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) and has appointed an external law firm along with an external agency in this regard ("Conduct Review").

The Conduct Review is ongoing and is expected to be completed by September 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.

Note 41.3

The Company has concluded that it is impracticable to determine the prior period – specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have 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 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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Note 41.4

Material uncertainty relating to Going Concern:

The Company has incurred losses during the previous year and continued to incur losses during the current year as a result of impairment allowance recorded on its loan portfolio, due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 31 March 2022, the Company exceeded the threshold specified for gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios for certain borrowing arrangements. Additionally certain borrowing arrangements have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. Due to this, the total liabilities exceed the total assets maturing within twelve months by ₹ 220,604 lakhs as at 31 March 2022. While some of the lenders have option to terminate, reduce, suspend or cancel the facility in future the Management expects that lenders, based on customary business practice, may increase the interest rates relating to these borrowing arrangements which is expected to continue till the time GNPA / NNPA ratio exceed thresholds. The Company has an established track record of accessing diversified sources of finance. However, there can be no assurance of success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Company, and to raise these amounts in a timely manner. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's Plan to address the Going Concern uncertainty:

Subsequent to the year-end and till the adoption of these financial statements, the Company has raised incremental financing of ₹ 117,000 lakhs from banks and financial institutions based on support from the promoters of the Company. As at 31 March 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 7,180 lakhs, liquid investments aggregating ₹ 29,403 lakhs and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial statements, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited. Accordingly, the Management considers it appropriate to prepare these financial statements on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

Note 41.5

In relation to the loans portfolio, which is subject to the Conduct Review, the Management has on a best effort basis and knowledge, identified certain transactions with approximately 32 financiers amounting to ₹ 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 41.6

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, 2022

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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	1,363.40	1,412.95	5,146.13	6,846.92	26,847.42	35,458.83	50,665.78	1,16,498.05	10,647.81	-
Market borrowings	369.86	2,031.96	-	3,683.70	67,064.43	51,060.21	61,177.40	69,760.80	7,041.22	31,221.57
Assets:										
Loans & advances (gross)	8,395.10	2,251.92	9,641.54	9,471.72	9,820.91	31,443.43	90,652.34	2,70,246.11	2,27,379.69	1,01,452.65
Investments	29,403.01	-	-	-	-	-	-	-	23,063.90	45,246.51

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, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.*

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 ₹55,038.58 lakhs

- Cash & Cash Equivalents (refer note 3)	7,180.23
- Bank balances other than cash and cash equivalents (refer note 4)	38,867.95
Total	**46,048.18**

Note 43- Exposure to real estate sector

Category	As at 31 March 2022	As at 31 March 2021
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)	1,11,973.95	1,08,519.90
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	1,57,337.55	2,05,781.85
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	49,370.51	59,503.55

NOTES
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Note 44- Exposure to capital market

	Category	As at 31 March 2022	As at 31 March 2021
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)	-	-

Note 45- Other Disclosures Pursuant to the RBI Master Directions, 2016
I - Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Provisions for depreciation on Investment	14,533.14	3,683.50
2	Provision towards NPA#	49,281.93	10,820.40
3	Provision made towards Income tax	-	456.55
4	Other Provision and Contingencies	1,132.03	(162.73)
5	Provision for Standard Assets and other receivable*	(7,633.87)	1,614.28

 # represents provision on Stage 3 assets

** represents provision on Stage 1, Stage 2 and other receivables (net off amount transferred for provision towards NPA)*

II - Concentration of Advances

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Advances to twenty largest borrowers	1,65,504.12	1,97,755.57
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	21.8%	26.8%

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

III - Concentration of Exposures

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Exposure to twenty largest borrowers /customers	1,84,097.53	2,27,692.30
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	23.5%	29.7%

IV - Concentration of NPAs

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Exposure to top four NPA accounts	6,882.17	4,198.11

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

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Agriculture and allied activities	3.60%	2.06%
2	MSME	1.25%	2.65%
3	Corporate borrowers	9.86%	-
4	Services	21.67%	8.98%
5	Unsecured personal loans	-	-
6	Auto loans	29.71%	4.18%
7	Other personal loans	-	-

Note: Sectorwise 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 2022	As at 31 March 2021
Net NPAs to Net Advances (%)	7.29%	1.98%
Movement of NPAs (Gross)		
Opening balance	32,486.91	38,933.76
Additions during the year/period	1,78,033.78	29,327.51
Reductions during the year/period	(92,428.76)	(35,774.36)
Closing balance	1,18,091.93	32,486.91
Movement of Net NPAs		
Opening balance	14,211.90	31,479.15
Additions during the year/period	1,15,690.67	7,772.43
Reductions during the year/period	(79,367.58)	(25,039.68)
Closing balance	50,534.98	14,211.90
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	18,275.01	7,454.61
Provisions made during the year/period	62,343.11	21,555.08
Write-off / write-back of excess provisions	(13,061.18)	(10,734.68)
Closing balance	67,556.94	18,275.01

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

VII - Details of assignment trasactions 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	As at 31 March 2022	As at 31 March 2021
1	No. of accounts	-	111
2	Aggregate value (net of provisions) of accounts assigned	-	7,739.61
3	Aggregate consideration	-	7,739.61
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/Securitsation Companies during the period:

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of accounts	11,704	4,465
2	Aggregate value (net of provisions) of accounts assigned	42,800.00	35,375.09
3	Aggregate consideration	49,300.00	29,600.00
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / (loss) over net book value	-	(5,775.09)

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	2,582	9,122
2	Aggregate principal oustanding of loans transferred	12,547	43,553
3	Weighted average residual tenor of the loans transferred (in months)	31	37
4	Net book value of loans transferred (at the time of transfer)	4,910	37,890
5	Aggregate consideration	11,021	38,279
6	Additional consideration realised in respect of accounts transferred in earlier years	-	2,196

In addition to above, the Company has transferred loans of ₹ 11,184 lakhs which were written off in previous years.

VIII (C) Details of 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 princpial outstanding of loans acquired*	-	22,953.04
2	Aggregate consideration paid	-	22,953.04
3	Weighted average residual tenor of loans acquired (in months)	-	42.84

**Of above ₹ 18,268 lakhs pertains to balance transfer.*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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VIII (D) - Details of STC securitsation 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 2022	As at 31 March 2021
1	No of SPVs sponsored by the NBFC for securitisation transactions	4.00	-
2	Total amount of securitised assets as per books of the SPVs sponsored	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	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	-	-
	b) Exposure to third party securitisations	-	-
	(II) On-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitisations	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	60,625.81	-
	b) gain/loss on sale on account of securitisation	-	-
6	Form & quantum of Services Provided:		
	a) Collection Agent Fees	10.26	-
7	Performance of facility provided		
	I) Credit Enhancement		
	(a) Amount Paid	8,537.10	-
	(b) Repayment Received	-	-
	(c) Outstanding Amount	8,537.10	-
	II) Collection Agent fees		
	(a) Amount Paid	10.26	-
	(b) Repayment Received	(10.26)	-
	(c) Outstanding Amount	-	-
8	Amount and number of additional/top up loan given on the same underlying asset	-	-
9	Investor Compaints		
	(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

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of complaints pending at the beginning of the period	29	39
2	No. of complaints received during the period	407	268
3	No. of complaints redressed during the period	427	278
4	No. of complaints pending at the end of the period	9	29

Note:

The above information of customer complaints is disclosed based on the information provided by the Management on internal MIS and has been relied upon by the Auditors.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

X - Investments

Particulars	As at 31 March 2022	As at 31 March 2021
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	1,15,930.06	1,82,532.44
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	18,216.64	3,683.50
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	97,713.42	1,78,848.94
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	3,683.50	-
(ii) Add : Provisions made during the year	14,533.14	3,683.50
(iii) Less : Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	18,216.64	3,683.50

XI - Registration obtained from other financial sector regulators : None

XII - Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

Loans outstanding amounting to ₹ 59,410.82 lakhs given to 2 borrowers exceeds the prescribed Single Borrower (1 borrower) and Group Borrower (1 Group) limits computed on the basis of Owned Funds as at 31 March 2022. These loans were sanctioned in the preceding financial years and there was no breach of SBL/GBL at the time of sanction/disbursement.

XIII - Details of financing of parent Company products : None

XIV - Disclosure of penalties imposed by RBI and other regulators : Current year ₹ 26.70 lakhs plus taxes paid to SEBI relating to "Minimum Public Shareholding (MPS) Requirements" (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 2022	As at 31 March 2021
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-
		CRISIL	AA-	-
		INDIA RATINGS	-	AA-
3	NCD	CARE	AA-	AA-
		INDIA RATINGS	-	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 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

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

XVIII - Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on 1 April 2021 (Opening Figures)	Number of Borrowers	-	-	-	-	-	5,798	667	-	-	6,465	6,465
		Amount Outstanding	-	-	-	-	-	79,225.94	12,623.08	-	-	91,849.02	91,849.02
		Provision Thereon	-	-	-	-	-	12,090.80	8,302.77	-	-	20,393.57	20,393.57
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	3,515	-	-	-	3,515	3,515
		Amount Outstanding	-	-	-	-	-	51,359.01	-	-	-	51,359.01	51,359.01
		Provision Thereon	-	-	-	-	-	16,470.84	-	-	-	16,470.84	16,470.84
	Repaid out of opening	Number of Borrowers	-	-	-	-	-	5,798	667	-	-	6,465	6,465
		Amount Outstanding	-	-	-	-	-	48,716.30	9,586.32	-	-	58,302.62	58,302.62
		Provision Thereon	-	-	-	-	-	1,938.85	6,771.63	-	-	8,710.48	8,710.48
3	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	4	(4)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	278.10	(278.10)	-	-	-	-
		Provision Thereon	-	-	-	-	-	9.10	(9.10)	-	-	-	-
4	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 begining of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-

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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	
5	Downgradations of restructured accounts during FY 21-22 (Slipped to NPA as on 31 March 2022) - npa	Number of Borrowers	-	-	-	-	-	(2,641)	2,641	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(34,732.71)	34,732.71	-	-	-	-
		Provision Thereon	-	-	-	-	-	(18,009.30)	18,009.30	-	-	-	-
6	Write-offs of the restructured accounts during FY 21-22	Number of Borrowers	-	-	-	-	-	(249)	(3)	-	-	(252)	(252)
		Amount Outstanding	-	-	-	-	-	(7,119.56)	(185.17)	-	-	(7,304.73)	(7,304.73)
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
7	Closed / Paidup POS of the restructured accounts during FY 21-22	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
8	Restructured account as on 31 March 2022 (Closing 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

**Includes restructuring covered under RBI Restructuring Circulars.*

NOTES
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Note 46- Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/2019-20:

Particulars	FY2021	FY2022
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	6,600.22	-
Respective amount where asset classification benefits is extended	6,600.22	-
Provisions made in terms of paragraph 5 of RBI Circular *	660.02	-
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6	17,854.25	-
The residual provisions in terms of paragraph 6 of RBI Circular	-	-

** the Company created provision @ 10% in Q4 FY2020.*

Note 47- 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	4,59,830.42	8,081.48	4,51,748.94	3,260.49	4,820.99
	Stage 2	1,03,485.23	15,186.23	88,299.00	5,228.59	9,957.64
Subtotal		**5,63,315.65**	**23,267.71**	**5,40,047.94**	**8,489.08**	**14,778.63**
Non-Performing Assets (NPA)						
Substandard	Stage 1	11,917.36	691.82	11,225.54	821.95	(130.13)
	Stage 2	67,430.48	20,142.26	47,288.22	6,462.90	13,679.36
	Stage 3	1,14,538.10	65,772.61	48,765.49	10,715.84	55,056.77
Subtotal for Substandard		**1,93,885.94**	**86,606.69**	**1,07,279.25**	**18,000.69**	**68,606.00**
Doubtful - up to 1 year	Stage 2	-	-	-	-	-
	Stage 3	2,036.97	947.10	1,089.87	194.96	752.14
1 to 3 years	Stage 3	1,516.85	837.23	679.62	70.69	766.54
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,553.82**	**1,784.33**	**1,769.49**	**265.65**	**1,518.68**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,97,439.76**	**88,391.02**	**1,09,048.74**	**18,266.34**	**70,124.68**
Total		**7,60,755.41**	**1,11,658.73**	**6,49,096.68**	**26,755.42**	**84,903.31**

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Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
		-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	4,71,747.78	8,773.30	4,62,974.48	4,082.44	4,690.86
	Stage 2	1,70,915.71	35,328.49	1,35,587.22	11,691.49	23,637.00
	Stage 3	1,18,091.92	67,556.94	50,534.98	10,981.49	56,575.45
	Total	**7,60,755.41**	**1,11,658.73**	**6,49,096.68**	**26,755.42**	**84,903.31**

 # includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

Footnotes -

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.

Note 48- Liquidity coverage ratio:

	Particulars	Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		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]**	17,369.24	17,369.24	17,435.72	17,435.72	16,274.80	16,274.80	12,238.19	12,238.19
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	188.00	216.20	188.00	216.20	188.00	216.20	81.25	93.44
4	Secured wholesale funding	30,221.91	34,755.19	18,827.80	21,651.97	22,785.73	26,203.59	24,776.61	28,493.10
5	Additional requirements, of which	33,440.66	38,456.76	33,431.21	38,445.89	47,875.00	55,056.25	50,344.44	57,896.11
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-

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Particulars		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		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]
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	33,440.66	38,456.76	33,431.21	38,445.89	47,875.00	55,056.25	50,344.44	57,896.11
6	Other contractual funding obligations	9,739.22	11,200.11	9,236.08	10,621.49	8,239.27	9,475.16	8,805.98	10,126.88
7	Other contingent funding obligations	137.36	157.97	153.68	176.74	81.52	93.75	125.00	143.75
8	**TOTAL CASH OUTFLOWS**	**73,727.15**	**84,786.23**	**61,836.77**	**71,112.29**	**79,169.52**	**91,044.95**	**84,133.28**	**96,753.28**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	11,141.51	8,356.13	10,938.62	8,203.97	13,898.11	10,423.58	20,942.29	15,706.72
11	Other cash inflows	1,17,394.22	88,045.66	81,246.25	60,934.69	74,894.42	56,170.82	1,28,433.58	96,325.19
12	**Total Cash Outflows**	**1,28,535.73**	**96,401.79**	**92,184.87**	**69,138.66**	**88,792.53**	**66,594.40**	**1,49,375.87**	**1,12,031.91**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		17,369.24		17,435.72		16,274.80		12,238.19
14	Total Net Cash Outflows		21,196.56		17,778.07		24,450.55		24,188.32
15	Liquidity Coverage Ratio (%)		81.94%		98.07%		66.56%		50.60%

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 2022, had maintained average HQLA. HQLA primarily includes cash on hand, bank balances in current account and Government securities.

4. 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 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, 2022	
		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	95,769.65	-
	: Unsecured	57,500.00	-
	(b) Deferred Credits	-	-
	(c) Term Loans	2,27,923.89	-
	(d) Inter-corporate loans and borrowing	1,118.11	-
	(e) Commercial Paper	44,523.97	-
	(f) Public Deposits (Refer Note 2 below)	-	-
	(g) Other Loans	1,21,462.82	-
(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, 2022
		Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**	
	(a) Secured	7,18,173.66
	(b) Unsecured	42,581.75
(4)	**Break up of Leased Assets and stock on hire counting towards AFC activities**	**Amount outstanding**
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stock on Hire including hire charges under sundry debtors :	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards AFC Activities :	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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Assets side :	**As at March 31, 2022**
(5) Break-up of Investments :	**Amount outstanding**
Current Investments :	
1. Quoted :	
(I) Shares : (a) Equity	-
(b) Preference	-
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	29,403.01
(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	45,246.51
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Securities receipts	23,063.90

(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	6,19,617.02	29,479.66	6,49,096.68

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

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

Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties		
	(a) Subsidiaries	45,246.51	45,246.51
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2.	Other than related parties	29,403.01	29,403.01

(8) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	1,18,091.93
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	50,534.98
(iii)	Assets acquired in satisfaction of debt	-

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

Note 50 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2022.

Note 51 - 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

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

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 31 March, 2022, 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 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 31 March, 2022, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans of the Parent are ₹448,399 lakhs and ₹153,484 lakhs, respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.

   As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Parent, appointed an external agency to:

   (a) review existence of the borrowers for the CV and SME loans;

   (b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

   (c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

   Further, the Audit Committee of the Parent has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

   As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Parent in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

   As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Group has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Group in Note 42.2 and 42.3 to the consolidated financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review for:

i) the impairment allowance and therefore the carrying value of CV and SME loans;

ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

iii) the fair value of financial guarantee contracts relating to CV portfolio;

iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

v) presentation and disclosures in the consolidated financial statements arising due to consequential impact arising from i) to iv) above.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). 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 sub-paragraph (a) of the Other Matters section below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Material uncertainty related to Going Concern

As discussed in Note 42.4 to the consolidated financial statements, the total liabilities of the Parent exceed the total assets maturing within 12 months by ₹220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 42.4 of the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Parent's ability to continue as a going concern. The consolidated financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 42.1 to the consolidated financial statements which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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 and Material Uncertainty Related to Going Concern 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	**Allowances for Expected Credit Losses (ECL) on Corporate loans and Home loans:** (Refer Notes 5 and 2.3(f)(i) to the consolidated financial statements) As at 31 March, 2022, Corporate loan and home loan assets aggregated ₹263,886 lakhs (net of ECL ₹16,539 lakhs), which are measured at amortised cost, constituting 27% 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 corporate loans and home loans 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 including the impact of COVID19 pandemic.	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 corporate loans and home loans that complies with policies approved by the Board of Directors of the respective companies, procedures and controls for assessing and measuring credit risk on the Corporate loan and Home loan assets measured at amortised cost. Our audit procedures related to the allowance for ECL on Corporate loans and home loans for the samples tested included the following, among others: • testing 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 applied by management for staging of loans as SICR or default categories in view of Parent's policy on restructuring; • appropriateness of information used in the estimation of the PD and LGD; and • 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 including the impact of COVID19 pandemic.
2.	**Impairment of Goodwill relating to Commercial Vehicle (CV) Business** (Refer Note 12 to the consolidated financial statements) The Parent has recognised Goodwill of ₹30,018 lakhs as at 31 March, 2022 (representing 3% of Group's total assets) pertaining to CV business. The Parent's evaluation of goodwill for impairment involves the comparison of the recoverable value of CV business to its carrying value. The Parent determines the recoverable value based on value in use calculation, which requires management to make significant estimates and assumptions related to net income margin ("spread") and discount rate. Changes in these assumptions could have a significant impact on either the recoverable value, the amount of goodwill impairment charge, or both.	Principal audit procedures performed: Our audit procedures related to management's judgments regarding spread and discount rate assumptions used in determining the recoverable value of the CV business included the following, among others: • evaluating management's ability to accurately forecast future profits derived based on forecast spread by comparing actual results to management's historical forecasts. • We evaluated the reasonableness of management's forecast of spread assumptions by comparing the forecasts to: o Historical spread. o information included in Parent press releases, analyst and industry reports for the Company and certain of its peer companies.

	As part of our risk assessment, we determined that the impairment of Goodwill has a high degree of estimation uncertainty which involved increased level of audit focus in view of losses incurred by the CV business and the Parent during the year.	o internal communications to management and the Parent's Board of Directors, including consideration of COVID19 impacting the forecast. • We evaluated the reasonableness of discount rate by testing the underlying information used in determination of the discount rate and the mathematical accuracy of the calculation.
3.	**Deferred Tax Asset:** (Refer Notes 9 and 29 to the consolidated financial statements) The Parent has recognised Deferred tax assets (net) of ₹31,669 lakhs as at 31 March, 2022 (representing 3% of Group's total assets) The Group recognises Deferred tax assets for all deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Management applies judgement to evaluate whether sufficient future taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilised within the timelines permissible by the applicable tax laws, to allow utilisation of the deferred tax asset so recognised. Further, the Group reviews the carrying amount of deferred tax assets at each reporting date and reduces 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. Given the Parent has a history of recent losses and unused tax losses, we identified management's estimation of availability of sufficient taxable profit in future against which the unused tax losses can be utilised within the timelines permissible under the applicable tax laws as a key audit matter because of the significant judgments and estimates management makes related to estimation of taxable profits.	Principal audit procedures performed: Our audit procedures related to the estimation of availability of sufficient taxable profit in the future against which the unused tax losses can be utilised, included the following, among others: • Evaluation of management's ability to accurately estimate taxable profit by comparing actual results to management's historical estimates and evaluating whether there have been any changes that would affect management's ability to continue accurately estimating taxable profits. • Evaluation of sources of management's estimated taxable profit were of the appropriate nature and sufficient to utilize the deferred tax assets within the timelines permissible under the relevant tax law. • Evaluation of future taxable profit with evidence obtained in other areas of the audit.

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 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.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries 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.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to conclude whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Management's Responsibility 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 Board 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 Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 entities included in the consolidated financial statements of which we are the independent auditors. For the other entities 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 Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹129,708 lakhs as at 31 March, 2022, total revenue from operations of ₹14,461 lakhs and net cash outflows amounting to ₹173 lakhs 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 report 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) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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 the matter described in the Basis for Qualified Opinion section above, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matter described in the Basis for Qualified Opinion section and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Group/Parent.

f) On the basis of the written representations received from the directors of the Parent Company as on 31 March, 2022 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 31 March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting 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 company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses adverse opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

i) 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.

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

i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

ii) The Group 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 Parent, and its subsidiary companies.

iv) (a) The respective Management of the Parent and its subsidiaries which are companies incorporated in India, 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 and on a best effort basis, other than as disclosed in the Note 42.5 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 Management of the Parent and its subsidiaries, which are companies incorporated in India, 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 and on a best effort basis, other than as disclosed in the Note 42.5 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 which are companies incorporated in India whose financial statements have been audited under the Act, and subject to our modification in the Basis for Qualified Opinion and the Parent's inability to disclose all the required information specified in the Schedule III to the Act as disclosed in Note 42.5 to the consolidated financial statements, 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 dividend on compulsorily convertible preference shares declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

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 on its equity shares.

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	L65100MH2009 PLC268160	Parent	(iii)(b); (iii)(c); (iii)(d); (xi)(a); (xiv)(a); (xvii).

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

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKCCC9646)

Place: Mumbai
Date: August 5, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2022, we have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited (hereinafter referred to as "the "Parent") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 over financial reporting of the Parent, its subsidiary company, which is company 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 adverse audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which is company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Adverse opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Parent's internal financial controls over financial reporting as at 31 March, 2022:

a) entity level control environment related to governance and risk management policies pertaining to the Parent's loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loan portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, 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.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in the Basis for Adverse Opinion paragraph above on achievement of the objectives of the control criteria, the Group which comprises of the Parent and its subsidiary company incorporated in India, have not maintained adequate internal financial controls over financial reporting and such internal controls over financial reporting were not operating effectively as of 31 March, 2022, based on the criteria for internal financial control over financial reporting 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.

We have considered the material weaknesses 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 as at and for the year ended 31 March, 2022, and these material weaknesses has affected our opinion on the said consolidated Ind AS financial statements of the Company.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting 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)

Neville M. Daruwalla
Partner
Place: Mumbai Membership No. 118784
Date: August 5, 2022 (UDIN: 22118784AOKCCC9646)

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	8,027.20	27,917.57
Bank balances other than cash and cash equivalents	4	40,938.43	24,096.60
Loans	5	7,70,693.86	7,13,933.61
Investments	6	54,767.03	1,59,136.05
Other financial assets	7	10,098.19	14,377.47
		8,84,524.71	**9,39,461.30**
Non-financial assets			
Current tax assets (net)	8	6,896.18	12,053.80
Deferred tax assets (net)	9	31,669.41	14,519.21
Property, plant and equipment	10	7,271.54	6,092.79
Assets Held for sale	11	1,300.00	2,087.45
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	1,311.70	452.43
Other non-financial assets	13	3,155.26	3,697.58
		81,622.78	**68,921.95**
TOTAL ASSETS		**9,66,147.49**	**10,08,383.25**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		30.20	8.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		241.12	386.29
Debt securities	15	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	16	4,24,550.02	3,99,483.46
Other financial liabilities	17	49,135.97	35,720.24
		6,71,750.93	**6,36,874.29**
Non-financial liabilities			
Current tax liabilities (net)	8	0.57	-
Provisions	18	701.89	757.95
Deferred tax liabilities (net)	9	80.75	225.72
Other non-financial liabilities	19	705.28	700.20
		1,488.49	**1,683.87**
TOTAL LIABILITIES		**6,73,239.42**	**6,38,558.16**
Equity			
Equity share capital	20	13,607.93	12,373.03
Preference share capital	20	-	1,206.90
Other equity	21	2,79,300.14	3,56,245.16
TOTAL EQUITY		**2,92,908.07**	**3,69,825.09**
TOTAL LIABILITIES AND EQUITY		**9,66,147.49**	**10,08,383.25**

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

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	22		
Interest income		1,06,716.39	1,17,387.64
Fees and commission income		4,439.22	3,265.98
Net gain on fair value changes		2,403.03	4,895.30
Net gain on derecognition of financial instruments measured at amortised cost category		2,710.60	2,430.16
Total revenue from operations		**1,16,269.24**	**1,27,979.08**
Other income	23	1,159.79	736.79
Total income		**1,17,429.03**	**1,28,715.87**
Expenses			
Finance cost	24	53,953.96	70,861.24
Impairment on financial instruments	25	1,15,847.44	46,198.02
Employee benefit expenses	26	20,503.62	17,371.25
Depreciation and amortization expenses	27	3,538.48	3,350.19
Other expenses	28	13,221.68	12,824.50
Total expenses		**2,07,065.18**	**1,50,605.20**
Profit/(loss) before tax		**(89,636.15)**	**(21,889.33)**
Tax expense:	29		
1. Current tax		1,325.75	380.42
2. Tax of earlier years		2.36	456.50
3. Deferred tax expenses		(17,313.03)	(1,315.76)
Total tax expenses		**(15,984.92)**	**(478.84)**
Profit/(loss) after tax		**(73,651.23)**	**(21,410.49)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		64.26	11.42
- Income tax relating to items that will not be reclassified to profit or loss		(16.17)	(2.29)
		48.09	**9.13**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		6.72	(6.72)
- Income tax relating to items that will be reclassified to profit or loss		(1.69)	1.69
		5.03	**(5.03)**
Other comprehensive income for the year, net of tax		**53.12**	**4.10**
Total comprehensive income for the year		**(73,598.11)**	**(21,406.39)**
Earnings per equity share	29		
Basic earnings per share (₹)		(59.51)	(20.83)
Diluted earnings per share (₹)		(59.51)	(20.83)
(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

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash Flow from Operating Activities**		
	Profit/(loss) before tax	(89,636.15)	(21,889.33)
	Adjustments for :		
	Interest income on financial assets	(1,06,716.39)	(1,17,387.64)
	Finance costs	53,953.96	70,861.24
	Depreciation and amortisation expense	3,538.48	3,350.19
	Loss on sale of property plant and equipment	31.86	623.22
	Provisions for expected credit loss	1,15,847.44	46,198.03
	Provision for asset held for sale	(117.79)	108.76
	Provision for gratuity, compensated absences and employee advances	228.12	55.27
	Employee share based payment expense	1,989.44	963.01
	Net gain on fair value changes	(2,403.03)	(4,895.30)
	Net gain on derecognition of financial instruments measured at amortised cost category	(2,710.60)	(2,430.16)
		(25,994.66)	**(24,442.71)**
	Interest income realised on financial assets	1,01,788.45	1,19,964.99
	Finance costs paid	(58,752.78)	(66,756.48)
	Cash generated from operating activities before working capital changes	**17,041.01**	**28,765.80**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(1,93,618.90)	49,066.67
	(Increase)/Decrease in other financial assets	4,591.31	20,337.37
	(Increase)/Decrease in other non-financial assets	866.22	2,277.89
	Increase/(Decrease) in trade payable	(123.09)	(715.42)
	Increase/(Decrease) in other financial liabilities	11,029.71	6,409.04
	Increase/(Decrease) in other non-financial liabilities	5.08	148.15
	Cash (used in)/generated from operating activities	**(1,60,208.66)**	**1,06,289.50**
	Taxes (paid) / refund	3,830.08	496.25
	Net cash (used in)/generated from operating activities (A)	**(1,56,378.58)**	**1,06,785.75**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,278.23)	(681.58)
	Sale of property, plant and equipment	15.38	645.04
	Sale / (Purchase) of Assets held for Sale	595.28	-
	Purchase of intangible assets	(1,333.87)	(345.34)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(16,841.83)	13,572.63
	(Acquisition)/redemption of investments measured at FVTPL (net)	98,401.04	(99,782.51)
	(Acquisition)/redemption of investments measured at FVOCI (net)	12,672.72	(12,640.35)
	(Acquisition)/redemption of investments measured at amortised cost (net)	25,273.03	-
	Net cash generated from / (used in) investing activities (B)	**1,16,503.52**	**(99,232.11)**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	540.97	1,22,212.76
	Proceeds from bank borrowings	2,13,596.03	1,05,599.33
	Repayments towards bank borrowings	(1,89,104.67)	(2,11,691.69)
	Proceeds from issuance of Non-Convertible Debentures	74,590.00	55,000.00
	Repayments towards Non-Convertible Debentures	(1,04,580.00)	(78,500.00)
	Proceeds from/(repayments towards) Commercial Papers (net)	32,211.77	12,312.49
	Payment of lease liabilities	(1,420.09)	(1,404.13)
	Dividend paid on Compulsorily Convertible Preference Shares	(5,849.32)	-
	Net cash generated from financing activities (C)	**19,984.69**	**3,528.76**
	Net (decrease) / Increase in cash and cash equivalents (A) + (B) + (C)	**(19,890.37)**	**11,082.40**
	Cash and Cash Equivalents at the beginning of the year	**27,917.57**	**16,835.17**
	Cash and Cash Equivalents at the end of the year	**8,027.20**	**27,917.57**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	393.96	461.22
	Balances with banks		
	- in current accounts	7,229.19	11,379.55
	Deposits with original maturity of less than 3 months	404.05	16,076.80
	Total	**8,027.20**	**27,917.57**

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

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2022

(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 2022	12,373.03	-	12,373.03	1,234.90	13,607.93
As at 31 March 2021	9,245.09	-	9,245.09	3,127.94	12,373.03

(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 2022	1,206.90	-	1,206.90	(1,206.90)	-
As at 31 March 2021	-	-	-	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 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**
Profit 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	-	-	-	-	-	-	-	-	-
Transfer from ESOP reserves	226.36	-	-	-	1,706.79	56.29	-	-	1,989.44
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**
(ii) **Balance at 1 April 2020**	**1,71,434.68**	**25,905.39**	**292.48**	**0.43**	**8,472.33**	**-**	**52,705.97**	**-**	**2,58,811.28**
Loss after tax for the year	-	-	-	-	-	-	(21,410.49)	-	(21,410.49)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	9.13	-	9.13
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(21,401.36)**	**(5.03)**	**(21,406.39)**
Transferred from Retained earnings	-	-	559.03	-	-	-	(559.03)	-	-
Share issue expenses	(2,971.35)	-	-	-	-	-	-	-	(2,971.35)
Share based payment expense	-	-	-	-	963.01	-	-	-	963.01
Transfer from ESOP reserves	2,057.67	-	-	-	(4,060.17)	1,970.49	32.01	-	-
Shares issued during the year	1,20,848.61	-	-	-	-	-	-	-	1,20,848.61
Balance at 31 March 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**

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(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 managemen t 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 2022. 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 2022.

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, 2022
(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.

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 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

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recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss. The premium/deemed premium is recognised in the statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

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;

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Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipments

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective assets. The estimated useful life used to provide depreciation are as follows:

Particulars	Estimated useful life by the Group	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

Leasehold improvement is amortised on Straight Line Method over the lease term, subject to a maximum of 60 months.

Useful life of assets different from prescribed in Schedule II of the Act has been estimated by management and supported by technical assessment.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of Profit and Loss till the date of sale.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) **Intangible assets**

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of Profit and Loss.

e) **Business Combination and goodwill thereon**

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) **Impairment**

(i) **Financial Assets**

(a) ***Expected Credit Loss (ECL) principles for Financial assets***

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but 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

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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 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 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 COVID-19 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:

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- 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.

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(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

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.

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The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) *Dividend income*

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) *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 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

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grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

m) Provisions

A provision is recognised when the Group has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate 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.

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

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.

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.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents		
Cash on hand	393.96	461.22
Balances with banks		
- in current accounts	7,229.19	11,379.55
Deposits with original maturity of less than three months	404.05	16,076.80
	8,027.20	**27,917.57**

Note 4

Particulars	As at 31 March 2022	As at 31 March 2021
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	3,055.49	359.61
Earmarked deposits with banks	37,882.94	23,736.99
	40,938.43	**24,096.60**

Note 5

Particulars	As at 31 March 2022	As at 31 March 2021
Loans		
At amortized cost		
Business Loans		
Corporate lending	1,56,847.87	1,91,751.96
Small and medium enterprises lending (SME)	1,53,484.44	1,46,318.61
Commercial vehicle lending	4,48,398.97	3,58,655.67
Home Loans	1,23,577.53	85,355.75
Other loans	2,024.13	1,738.50
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net	**7,70,693.86**	**7,13,933.61**
(a) Secured by tangible assets	8,41,751.19	7,67,970.85
(b) Unsecured	42,581.75	15,849.64
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net	**7,70,693.86**	**7,13,933.61**
Loans in India		
(a) Public sector	-	-
(b) Others	8,84,332.94	7,83,820.49
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net (a)	**7,70,693.86**	**7,13,933.61**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**7,70,693.86**	**7,13,933.61**

Footnotes

i) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E).

ii) Loans covered under security receipts are presented as part of "Note 6 - Investment".

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, 2022
(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 2022				
Mutual funds	-	-	31,703.13	31,703.13
Security Receipts*	41,280.54	-	-	41,280.54
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)*

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 2021				
Mutual funds	-	-	1,27,637.20	1,27,637.20
Treasury Bills	-	12,729.94	-	12,729.94
Security Receipts*	22,452.41	-	-	22,452.41
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Investments in India	22,452.41	12,729.94	1,27,637.20	1,62,819.55
Investments outside India	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Less: Impairment loss allowance	(3,683.50)	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,637.20**	**1,59,136.05**

(net of amount written off ₹ 9,315.85 lakhs)*

Note 7

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial assets		
Security deposit	4,525.55	964.14
Assignment receivables	4,841.54	5,391.20
Other Receivables	1,100.47	9,993.95
	10,467.56	**16,349.29**
Less: Impairment allowance	(369.37)	(1,971.82)
	10,098.19	**14,377.47**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 8

Particulars	As at 31 March 2022	As at 31 March 2021
Current tax assets (net)		
Advance Tax (net of provision)	6,896.18	12,053.80
	6,896.18	**12,053.80**
Current tax liabilities (net)		
Provision for tax (net of advance tax)	0.57	-
	0.57	**-**

Note 9

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	33,220.00	15,432.92
Provision for gratuity	127.89	124.57
Provision for compensated absences	38.22	33.14
Debt instruments through OCI	-	1.69
Lease liabilities	47.95	40.04
Income amortisation	172.40	408.29
Other items of disallowance	581.14	-
Depreciation on PPE and intangible assets	705.55	539.71
Impairment loss allowance on assets held for sale	-	32.79
Carried forward book losses	6,005.75	7,427.23
Total (A)	**40,898.89**	**24,040.38**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,218.54)	(1,356.86)
Borrowing cost amortisation	(536.59)	(834.93)
Total (B)	**(9,310.23)**	**(9,746.89)**
Net deferred tax asset (A-B)	**31,588.66**	**14,293.49**
Deferred tax assets		
IndoStar Capital Finance Limited	31,669.41	14,519.21
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,669.41**	**14,519.21**
Deferred tax liabilities		
IndoStar Home Finance Private Limited	80.75	225.72
Total deferred tax liabilities (B)	**80.75**	**225.72**
Net deferred tax asset (A-B) (also refer Note 29)	**31,588.66**	**14,293.49**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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Note 10

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
Property, plant and equipment								
Cost as at 1 April 2020	**15.05**	**1,050.30**	**754.22**	**4,582.36**	**625.59**	**2,247.04**	**3,242.59**	**12,517.15**
Additions	-	-	8.05	241.58	23.34	408.62	1,640.22	2,321.91
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.30)	-	(367.71)	(1,451.93)
Cost as at 31 March 2021	**15.05**	**-**	**761.35**	**4,795.24**	**644.63**	**2,655.66**	**4,515.10**	**13,387.13**
Additions	-	-	57.37	935.42	97.51	1,187.93	2,900.48	5,178.71
Disposals	-	-	(0.28)	(304.76)	(2.89)	(25.99)	(1,216.75)	(1,550.67)
Cost as at 31 March 2022 (A)	**15.05**	**-**	**818.44**	**5,425.90**	**739.25**	**3,817.60**	**6,198.83**	**17,015.17**
Accumulated depreciation as at 1 April 2020	**-**	**38.25**	**167.57**	**1,949.16**	**189.45**	**1,298.38**	**1,012.73**	**4,655.54**
Depreciation charged during the year	-	7.69	158.45	951.90	151.87	658.86	1,144.93	3,073.70
Disposals	-	(45.94)	(0.55)	(18.54)	(2.16)	-	(367.71)	(434.90)
Accumulated depreciation as at 31 March 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 (B)	**-**	**-**	**519.04**	**3,669.70**	**473.21**	**2,442.46**	**2,639.22**	**9,743.63**
Net carrying amount as at 31 March 2022 (A) - (B)	**15.05**	**-**	**299.40**	**1,756.20**	**266.04**	**1,375.14**	**3,559.61**	**7,271.54**
Net carrying amount as at 31 March 2021	**15.05**	**-**	**435.88**	**1,912.72**	**305.47**	**698.42**	**2,725.15**	**6,092.79**

** Mortgaged as security against Secured Non-convertible Debentures*

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(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2022	As at 31 March 2021
Assets held for sale		
Assets held for sale	1,708.88	2,626.64
Provision on Assets held for sale	(408.88)	(539.19)
	1,300.00	**2,087.45**

Note 12

Particulars	Total
(a) Goodwill	
Cost as at 1 April 2020	30,018.69
Acquisition of business	-
Cost as at 31 March 2021	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2022 (A)	**30,018.69**
Accumulated impairment as at 1 April 2020	
Addition	-
Accumulated impairment as at 31 March 2021	**-**
Addition	-
Accumulated impairment as at 31 March 2022 (B)	**-**
Net carrying amount as at 31 March 2022 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2021	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2022. 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 16%. 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.

Particulars	Computer Software	Total
(a) Other intangible assets		
Cost as at 1 April 2020	**949.63**	**949.63**
Additions	345.34	345.34
Disposals	-	-
Cost as at 31 March 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 (A)	**2,628.55**	**2,628.55**
Accumulated amortisation as at 1 April 2020	**566.05**	**566.05**
Amortisation recognised for the year	276.49	276.49
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**842.54**	**842.54**
Amortisation recognised for the year	474.60	474.60
Disposals	(0.29)	(0.29)
Accumulated amortisation as at 31 March 2022 (B)	**1,316.85**	**1,316.85**
Net carrying amount as at 31 March 2022 (A)- (B)	**1,311.70**	**1,311.70**
Net carrying amount as at 31 March 2021	**452.43**	**452.43**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2022	As at 31 March 2021
Other non-financial assets		
Prepaid expenses	1,189.13	1,080.29
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	1,966.13	2,617.29
	3,155.26	**3,697.58**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ Nil (Previous year ₹ 1,005.70 lakhs) towards claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Dues to Micro, small and medium enterprises	30.20	8.12
Dues to Others	241.12	386.29
	271.32	**394.41**

Also refer Note 37

Note 15

Particulars	As at 31 March 2022	As at 31 March 2021
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,53,269.65	1,88,963.98
Commercial paper (net of unamortised discount) (Refer note (b) below)	44,523.97	12,312.20
	1,97,793.62	**2,01,276.18**
Debt securities in India	1,97,793.62	2,01,276.18
Debt securities outside India	-	-
Total	**1,97,793.62**	**2,01,276.18**
Secured	95,769.65	1,88,963.98
Unsecured	1,02,023.97	12,312.20
Total	**1,97,793.62**	**2,01,276.18**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 6.77% <= 11.40%	Rate of interest >= 8.08% <= 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	-	2,492.77
24-36 Months	2,495.61	18,945.03
12-24 Months	36,704.48	51,849.55
0-12 Months	1,14,069.56	1,15,676.63
Total	**1,53,269.65**	**1,88,963.98**

NOTES
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(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 ₹ 96,932 lakhs (March 2021: ₹ 1,99,479 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 2022	As at 31 March 2021
	Rate of interest >=6.30% <= 7.00%	Rate of interest 8.50%
	Amount	Amount
0-12 Months	44,523.97	12,312.20
Total	**44,523.97**	**12,312.20**

Note 16

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	2,16,685.00	2,14,018.24
Term loans from Financial Institutions (Refer note (a) below)*	35,957.50	51,625.00
Term loans from NHB (Refer note (b) below)	28,313.20	18,563.47
Loans repayable on demand		
Working capital demand loans from banks **	25,600.00	18,100.00
Bank overdrafts **	1,363.40	-
Other borrowings (including Inter Corporate Deposits)	1,16,630.92	97,176.75
Total	**4,24,550.02**	**3,99,483.46**
Borrowings in India	4,24,550.02	399,483.46
Borrowings outside India	-	-
Total	**4,24,550.02**	**399,483.46**
Secured borrowings	4,23,431.91	3,02,306.71
Unsecured borrowings	1,118.11	97,176.75
Total	**4,24,550.02**	**3,99,483.46**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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(a) Term loan from banks/FI (TL):
Terms of repayment:

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>=7.25% <= 11.00%	>= 6.21% <= 11.00%
	Amount	Amount
Above 60 Months	2,915.73	-
48-60 Months	2,104.57	6,203.21
36-48 Months	13,820.85	20,145.16
24-36 Months	38,488.73	54,849.27
12-24 Months	89,337.33	69,974.15
0-12 Months	1,05,975.29	1,14,471.45
Total	**2,52,642.50**	**2,65,643.24**

(b) Term loans from NHB
Terms of repayment:

Repayable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 5.25% <= 6.65%	Rate of interest >= 5.25% <= 8.10%
	Amount	Amount
Above 60 Months	8,224.86	3,016.17
48-60 Months	3,387.59	2,047.09
36-48 Months	3,590.28	2,894.89
24-36 Months	4,440.98	2,894.89
12-24 Months	4,440.98	2,894.89
0-12 Months	4,228.51	4,815.54
Total	**28,313.20**	**18,563.47**

** 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 (G)

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.

(c) Working capital demand loans:
Terms of repayment (based on contractual maturity)

Repayable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 6.75% <= 7.60%	Rate of interest >= 6.50% <= 7.35%
	Amount	Amount
0-12 Months	25,600.00	18,100.00
Total	**25,600.00**	**18,100.00**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 17

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial liabilities		
Book overdraft	15,851.09	7,971.72
Employee benefits payable	1,135.87	2,438.51
Unamortised lease liabilities	3,749.94	2,884.20
Others	28,399.07	22,425.81
	49,135.97	**35,720.24**

Note 18

Particulars	As at 31 March 2022	As at 31 March 2021
Provisions		
Provision for employee benefits:		
- Gratuity	508.13	494.93
- Compensated absences	151.88	131.66
Others :		
- Expected credit loss on undrawn loan commitments	41.88	131.36
	701.89	**757.95**

Note 19

Particulars	As at 31 March 2022	As at 31 March 2021
Non-financial liabilities		
Statutory dues payable	705.28	700.20
	705.28	**700.20**

Note 20 - Equity share capital
(a) Details of authorised, issued and subscribed share capital

	As at 31 March 2022		As at 31 March 2021	
	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	12,37,30,329	12,373.03
Compulsorily Convertible Preference Shares of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	**13,60,79,295**	**13,607.93**	**13,57,99,295**	**13,579.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Add: Shares issued during the year	1,23,48,966	1,234.90	3,12,79,414	3,127.94
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**12,37,30,329**	**12,373.03**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		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%	6,44,13,672	52.06%

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 2022		As at 31 March 2021	
		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%	6,44,13,672	52.06%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,75,94,228	38.47%

(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 2022, 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.

(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

	As at 31 March 2022		As at 31 March 2021	
	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	-	-	1,20,68,966	1,206.90
Less: Shares converted into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

(g) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		-	-	1,20,68,966	100%

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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(h) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%

(i) Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):

CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

(j) 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.

(k) 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 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%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	6,44,13,672	52.06%	52.06%
Indostar Capital (Mauritius)	4,75,94,228	38.47%	(18.42%)

(l) 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 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 20
Preference share capital

(a) Details of authorised, issued and subscribed Compulsorily Convertible Preference Shares ("CCPS") capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised capital				
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				
Compulsorily Convertible Preference Share of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	-	-	**1,20,68,966**	**1,206.90**

NOTES
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(b) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	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	-	-	1,20,68,966	1,206.90
Less: Shares convered into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

(c) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		**-**	**-**	**1,20,68,966**	**100%**

(d) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	12,068,966	100%

(e) CCPS held by promoters at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% Change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 21

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	1,537.68	851.51
Securities premium	2,92,207.63	2,91,369.61
Share options outstanding account	7,081.96	5,375.17
General reserve	2,026.78	1,970.49
Retained earnings	(49,459.73)	30,777.59
Debt instruments through other comprehensive income	-	(5.03)
	2,79,300.14	**3,56,245.16**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at 31 March 2022	As at 31 March 2021
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	-	-
Closing Balance	**25,905.39**	**25,905.39**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	851.51	292.48
Add : Transferred from surplus	686.17	559.03
Closing Balance	**1,537.68**	**851.51**
Securities premium		
Opening Balance	2,91,369.61	1,71,434.68
Less : Share issue expenses	-	(2,971.35)
Add: Tranfer from ESOP reserves	226.36	2,057.67
Add : Premium collected on share allotment	611.66	1,20,848.61
Closing Balance	**2,92,207.63**	**2,91,369.61**
Share options outstanding account		
Opening Balance	5,375.17	8,472.33
Movement during the year	1,706.79	(3,097.16)
Closing Balance	**7,081.96**	**5,375.17**
General reserve		
Opening Balance	1,970.49	-
Movement during the year	56.29	1,970.49
Closing Balance	**2,026.78**	**1,970.49**
Retained earnings		
Opening Balance	30,777.59	52,705.97
Add: Remeasurement of defined benefit plan/obligations	48.09	9.13
Add: Transferred from the statement of profit and loss	(73,651.23)	(21,410.49)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	-	-
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(686.17)	(559.03)
Less: Appropriation towards dividend	(5,849.32)	-
Add: Transfer from Share options outstanding account	-	32.01
Less : Share issue expenses	(98.69)	-
Closing Balance	**(49,459.73)**	**30,777.59**
Other Comprehensive Income		
Opening balance	(5.03)	-
Add: Debt instruments through other comprehensive income	5.03	(5.03)
Closing balance	**-**	**(5.03)**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
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21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Housing Finance Subsidiary is not allowed to use the reserve fund except with authorisation of National Housing Bank.

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Housing Finance Subsidiary is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Housing Finance Subsidiary under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

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

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forefeiture of options by employees.

Dividend paid and proposed

The Board of Directors of the Company at their meeting held on 17 June 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend – ₹ 3,500.00 lakhs and withholding tax - ₹ 388.89 lakhs) for the period from 27 May 2020 to 26 May 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, 17 June 2021.

The Board of Directors of the Company vide resolution dated 26 November 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 26 November 2021 (CCPS), at rate of 10% p.a. calculated on the issue price of ₹ 290 per CCPS amounting to ₹ 1,960.42 lakhs (dividend – ₹ 1,764.38 lakhs and withholding tax - ₹ 196.04 lakhs), for the period 27 May 2021 to 26 November 2021 (i.e. till the date of conversion), pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holder(s) for payment of said dividend as Friday, 26 November 2021.

NOTES
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(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,04,937.87	1,15,018.75
Interest on deposits		
- Deposits with banks	1,214.79	2,368.89
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	563.73	-
	1,06,716.39	**1,17,387.64**
Fees and commission income		
- Syndication, advisory & other fees	4,439.22	3,265.98
	4,439.22	**3,265.98**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,466.97	4,895.30
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	(63.94)	-
Total fair value changes	**2,403.03**	**4,895.30**
Fair value changes:		
- Realised	2,398.31	2,957.83
- Unrealised	4.72	1,937.47
Total fair value changes	**2,403.03**	**4,895.30**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	2,196.16	-
- Assignment Income	514.44	2,430.16
	2,710.60	**2,430.16**
Total	**1,16,269.24**	**1,27,979.08**

Note 23

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other income		
Interest on Deposit with bank	2.62	-
Miscellaneous income	159.41	436.40
Interest on income tax refund	997.76	300.39
	1,159.79	**736.79**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

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Note 24

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	26,827.42	32,872.82
Other borrowings (including Inter Corporate Deposits)	9,197.48	13,570.31
Interest expense on debt securities		
Debentures	16,228.69	22,510.66
Commercial paper	920.27	956.60
Other interest expense		
Bank charges & other related costs	780.10	950.85
	53,953.96	**70,861.24**

Note 25

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	56,786.59	17,004.99
Financial assets written off (net of recovery)	57,889.84	29,285.35
Impairment on others		
Undrawn loan commitments	(89.49)	(80.42)
Provision for corporate guarantee	-	135.18
Provision on co-lending arrangements	1,351.25	(578.62)
Others	(90.75)	431.54
	1,15,847.44	**46,198.02**

Note 26

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employee Benefits Expenses		
Salaries, other allowances and bonus	17,398.18	15,634.52
Gratuity expenses	186.71	175.52
Compensated absences	41.41	(120.26)
Contribution to provident and other funds	725.68	628.09
Staff welfare expenses	129.13	86.34
Share based payment expense	1,989.44	963.01
Employee shared service costs recovered	33.07	4.03
	20,503.62	**17,371.25**

Note 27

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation		
Depreciation of property, plant and equipment (PPE)	3,063.88	3,073.70
Amortisation of intangible assets	474.60	276.49
	3,538.48	**3,350.19**

NOTES
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Note 28

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other Expenses		
Rent	838.61	662.05
Rates & taxes	210.63	218.76
Printing and stationery	201.59	102.51
Travelling & conveyance	871.96	541.39
Advertisement	71.54	49.85
Business Promotion	14.05	12.21
Commission & brokerage	52.25	9.95
Office expenses	1,688.73	1,218.59
Directors' fees & commission	59.79	23.11
Insurance	441.05	360.80
Communication expenses	555.42	402.64
Payment to auditors (note below)	329.08	87.52
CSR expenses (note below)	100.42	203.32
IT Support charges	2,178.07	1,549.11
Legal & professional charges	5,349.72	6,521.67
Loss on sale of property plant and equipment	31.86	623.22
Membership & subscriptions	102.35	48.42
Other shared service costs recovered	74.95	33.78
Other fees and commission	167.14	-
Impairment allowance on assets held for sale	(117.79)	108.76
Provision on employee advance	-	34.37
Provision for doubtful advances	0.26	12.47
	13,221.68	**12,824.50**
Payment to auditor includes:		
a) Statutory Audit	307.20	62.05
b) Tax Audit	4.50	4.50
c) Certifications	12.82	12.93
d) Others	4.74	8.04
Total	**329.08**	**87.52**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	19.41	203.32
b) Amount of expenditure incurred	100.42	190.28
c) Shortfall at the end of the year	-	13.04
d) Total of previous years shortfall		13.04
e) Reason for short fall	NA	Refer Footnote below
f) Nature of CSR activities	Children Education and Women Empowerment	
g) Details of related party transactions (refer note 33)	-	25.00

Foot note:

Two projects supported by the Company namely BOSCONET and Habitat for Humanity were spanning over two years i.e. FY 2020-21 and FY 2021-22, and hence some portion of funds allocated to these projects was spent in FY 2021-22. The Company exercises prudence in selecting projects and implementation partners for its CSR activities. In many cases since the funding requirement of evaluated projects was tied-up, the Company could not spend entire amount as prescribed under the Act.

NOTES
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Note 29
Income Taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
1. Current tax	1,325.75	380.42
2. Tax of earlier years	2.36	456.50
	1,328.11	**836.92**
Deferred tax expense		
3. Deferred tax expenses	(17,313.03)	(1,315.76)
	(17,313.03)	**(1,315.76)**
Tax expense for the year	**(15,984.92)**	**(478.84)**

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	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	64.26	(16.17)	48.09	11.42	(2.29)	9.13
- Debt instruments through other comprehensive income	6.72	(1.69)	5.03	(6.72)	1.69	(5.03)
Tax expense for the year	70.98	(17.86)	53.12	4.70	(0.60)	4.10

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	(89,636.15)	(21,889.33)
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(22,559.63)	(5,509.11)
Difference in tax rate due to:		
- Effect of non-deductible expenses	944.54	57.44
- Effect of change in tax rates/laws (refer foot note below)	-	4,958.04
- tax expense of earlier years	2.36	456.33
- Effect of previously unrecognised deductible temporary differences now recognised as deferred tax assets	-	(565.28)
- Effect of inter-Company transacitons	(39.86)	14.04
- Others	5,667.67	109.70
Total tax expense	**(15,984.92)**	**(478.84)**
	17.83%	**2.19%**
Current tax	1,325.75	380.42
Tax expense of earlier year	2.36	456.50
Deferred tax	(17,313.03)	(1,315.76)
	(15,984.92)	**(478.84)**

Footnote:

During the previous year, the Finance Act, 2021 introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company recognised one time tax expense amounting to ₹ 4,958.04 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

NOTES
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(d) 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	15,432.92	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 held for sale	32.79	(32.79)	-	-
Carried 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)	138.31	-	(1,218.54)
Deferred tax assets / (Liabilities)	**14,293.49**	**17,313.03**	**(17.86)**	**31,588.66**

Particulars	As at 31 March 2021			
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	10,029.45	5,403.47	-	15,432.92
Provision for gratuity	78.70	48.16	(2.29)	124.57
Provision for leave encashment	76.97	(43.83)	-	33.14
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	677.63	(269.34)	-	408.29
Depreciation on PPE and intangible assets	540.55	(0.84)	-	539.71
Impairment loss allowance on assets held for sale	32.89	(0.10)	-	32.79
Carry forward losses	6,025.46	1,401.77	-	7,427.23
Debt instruments through OCI	-	-	1.69	1.69
Lease liabilities	(211.86)	251.90	-	40.04
Deferred tax liability				
Borrowing cost amortisation	(1,284.07)	449.14	-	(834.93)
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.06)	(4,958.04)	-	(7,555.10)
Assignment income amortisation	(1,011.94)	(344.92)	-	(1,356.86)
Deferred tax assets / (Liabilities)	**12,978.33**	**1,315.76**	**(0.60)**	**14,293.49**

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 ₹ 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(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 2022	For the year ended 31 March 2021
i. Profit attributable to equity holders (A)		
Profit / (loss) for the year	(73,651.23)	(21,410.49)
Less : Dividend on Cumpolsarily convertible preference shares (CCPS)	(2,557.08)	(3,292.24)
Profit attributable to equity holders for basic and diluted EPS		
ii. Weighted average number of equity shares for calculating Basic EPS (B)	12,80,64,878	11,85,72,703
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	12,80,64,878	11,85,72,703
iv. Basic earnings per share (₹)	(59.51)	(20.83)
v. Diluted earnings per share (₹)	(59.51)	(20.83)

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:

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.

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C. Risk governance structure:

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, reivew and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

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	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
Total	**31,703.13**	**-**	**23,063.90**	**54,767.03**	**31,703.13**	**-**	**23,063.90**	**54,767.03**

** based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.*

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Particulars	As at 31 March 2021							
	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	1,27,637.20	-	-	1,27,637.20	1,27,637.20	-	-	1,27,637.20
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills	-	12,729.94		12,729.94	12,729.94	-	-	12,729.94
Total	1,27,637.20	12,729.94	18,768.91	1,59,136.05	1,40,367.14	-	18,768.91	1,59,136.05

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	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	22,452.41	22,452.41	-	-	-	-
Reclassified from Loan Assets*	-	-	41,905.00	41,905.00	-	14,450.00	10,710.00	25,160.00
Assets derecognised or repaid (excluding write offs)	-	-	(23,076.87)	(23,076.87)	-	-	(2,707.59)	(2,707.59)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	(14,450.00)	14,450.00	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452.41**

** net of amount written-off*

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance opening balance	-	-	3,683.50	3,683.50	-	-	-	-
Incremental provision	-	-	14,533.14	14,533.14	-	-	3,683.50	3,683.50
	-	**-**	**18,216.64**	**18,216.64**	**-**	**-**	**3,683.50**	**3,683.50**

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**

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Particulars	As at 31 March 2021							
	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	-	-	7,13,933.61	7,13,933.61	-	-	7,13,933.61	7,13,933.61
Total	**-**	**-**	**7,13,933.61**	**7,13,933.61**	**-**	**-**	**7,13,933.61**	**7,13,933.61**

** 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 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 policy

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.

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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.

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.

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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:

- GDP growth
- 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	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**	**7,02,302.18**	**1,45,384.65**	**39,567.74**	**8,87,254.57**
New assets originated or purchased*	3,23,834.80	45,400.02	66,190.37	4,35,425.19	1,96,875.34	5,332.55	789.24	2,02,997.13
Assets derecognised or repaid (excluding write offs)	(1,22,498.97)	(68,088.79)	(49,783.12)	(2,40,370.88)	(2,15,035.33)	(32,032.75)	(4,917.78)	(2,51,985.86)
Transfers to stage 1	7,627.39	(7,100.48)	(526.91)	-	15,156.41	(12,536.38)	(2,620.03)	-
Transfers to stage 2	(1,05,046.54)	1,06,239.95	(1,193.41)	-	(1,23,370.94)	1,25,844.39	(2,473.45)	-
Transfers to stage 3	(71,755.34)	(43,062.73)	1,14,818.07	-	(12,362.33)	(17,216.48)	29,578.81	-
Amounts written off (net of recovery)	(6,092.52)	(12,685.62)	(33,858.72)	(52,636.86)	(2,612.08)	(11,496.55)	(15,176.72)	(29,285.35)
Presented under Investments as Security Receipts*	-	(32,537.15)	(9,367.85)	(41,905.00)	-	(14,450.00)	(10,710.00)	(25,160.00)
Gross carrying amount closing 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**

** Presented under Investments in Security Receipts (Refer to Note 31(D))*

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Reconciliation of ECL balance is given below:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**28,606.01**	**22,655.17**	**18,625.70**	**69,886.88**	**36,292.58**	**14,068.56**	**7,584.12**	**57,945.26**
New assets originated or purchased*	4,777.12	10,133.31	35,189.91	50,100.34	2,772.84	847.17	587.87	4,207.88
Assets derecognised or repaid (excluding write offs)	(21,574.18)	(5,588.49)	74.13	(27,088.54)	(15,053.98)	(1,785.52)	(539.44)	(17,378.94)
Transfers to stage 1	966.84	(786.97)	(179.87)	-	1,197.65	(573.92)	(623.73)	-
Transfers to stage 2	(1,790.08)	2,094.40	(304.32)	-	(1,676.45)	2,239.16	(562.71)	-
Transfers to stage 3	(953.35)	(5,303.39)	6,256.74	-	(2,992.54)	(1,482.84)	4,475.38	-
Impact on year end ECL on exposures transferred between stages during the year*	(56.27)	19,084.66	21,930.92	40,959.31	8,086.00	10,094.42	16,730.34	34,910.76
Amounts written off (net of recovery)	(308.39)	(6,694.39)	(13,216.14)	(20,218.92)	(20.09)	(751.86)	(9,026.13)	(9,798.08)
ECL allowance - closing 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**

F. Risk Management amidst COVID-19:

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Group has considered internal and external sources of information upto the date of approval of these financial results. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial results, includes the potential impact of the COVID-19 pandemic on the Group's financial results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Group's assets.

The Group has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

G. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

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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 liabilites as on balance sheet date have been provided below:
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**

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, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.

- Also refer note 41

As on 31 March 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	394.41	-	-	-	394.41
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)	75,309.39	99,730.11	1,95,885.75	28,558.21	3,99,483.46
Other financial liabilities	33,205.48	750.93	1,564.77	199.06	35,720.24
Total	**1,64,988.42**	**1,72,390.74**	**2,70,737.86**	**28,757.27**	**6,36,874.29**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control

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systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Note 32
Disclosure pursuant to Ind AS 108 "Operating Segment"
Business segments
The Group has identified operating segments based on performance assessment and resource allocation by the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other revenue/expenses which primarily consists of tax expenses and other income are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable, which primarily consists of current tax and deferred tax assets/ liabilities and investments. As the operations of the Group are carried out within India, there are no geographical segments. The Group operates in the following segments:

Large Corporate segment provides loans to medium and large-sized corporates, institutional customers and real estate developers.

SME segment provides lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements.

Commercial vehicle segment primarily consists of financing for used and new vehicles.

Housing Finance segment consists of affordable home financing to self-employed and salaried customers.

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	27,440.15	34,014.71
(b)	SME	17,978.00	18,225.00
(c)	Commercial vehicles	52,079.89	55,564.64
(d)	Housing finance	14,482.30	13,406.75
(e)	Unallocated*	5,448.69	7,504.77
	Segment revenue from continuing operations	**1,17,429.03**	**1,28,715.87**
II	**Segment results**		
(a)	Large corporate	19,308.40	4,072.77
(b)	SME	(3,627.49)	2,594.08
(c)	Commercial vehicles	(96,586.39)	(15,736.44)
(d)	Housing finance	4,608.68	3,867.23
(e)	Unallocated**	(13,339.35)	(16,686.97)
	Profit/(loss) before tax	**(89,636.15)**	**(21,889.33)**
III	**Segment assets**		
(a)	Large corporate	1,43,630.67	2,07,023.71
(b)	SME	1,47,258.62	1,42,953.36
(c)	Commercial vehicles	4,18,206.72	3,64,226.35
(d)	Housing finance	1,29,449.21	88,811.05
(e)	Unallocated***	1,27,602.27	2,05,368.78
	Total assets	**9,66,147.49**	**10,08,383.25**

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	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
IV	**Segment liabilities**		
(a)	Large corporate	90,027.42	1,25,570.80
(b)	SME	1,05,897.18	91,462.29
(c)	Commercial vehicles	2,92,185.14	2,51,979.59
(d)	Housing finance	79,806.71	67,279.52
(e)	Unallocated****	1,05,322.97	1,02,265.96
	Total liabilities	**6,73,239.42**	**6,38,558.16**

** 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
R. Sridhar - Vice-Chairman; (CEO upto 7 January 2022)

Deep Jaggi - CEO (from 7 January 2022)

Bobby Parikh - Non-Executive Independent Director

Hemant Kaul - Non-Executive Independent Director

Naina Krishna Murthy - Non-Executive Independent Director

Other related parties - enities in which Key Managerial Personnel has interest/significant influence *
Avasara Leadership Institute

** as defined in Para 9 of Ind AS 24 identified based on representation received from Key Managerial Personnel and information available with the Company.*

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Subscription to Equity Shares of the Company by Holding Company	-	87,500.00
Subscription to Compulsorily Convertible Preference Shares (CCPS) of the Company by Holding Company	-	35,000.00
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	-

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c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term employee benefits	305.57	1,204.12
Commission and sitting fees to Non-Executive Independent Directors	58.97	23.87
Reimbursement of expenses	9.00	6.63
Loan Given	-	2,500.00

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

The Company has paid managerial remuneration for the year ended 31 March 2022 to Mr. R. Sridhar, Whole-Time Director designated as Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the members of the Company under the provisions of section 197 read with Schedule V to the Companies Act, 2013 ("Act").

d) Transactions other than those with key management personnel :

Particulars		Other related parties
Professional fees	2022	-
	2021	35.65
Corporate social responsibility expenses	2022	-
	2021	25.00

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

Particulars		Key Managerial Personnel*
Loans outstanding	2022	2,500.00
	2021	2,500.00

**interest free loan to Key Managerial Personnel*

Note 34
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of Services or service		
Syndication, advisory & other fees	4,439.22	3,265.98
Total revenue from contracts with customers	**4,439.22**	**3,265.98**
Geographical markets		
India	4,439.22	3,265.98
Outside India	-	-
Total revenue from contracts with customers	**4,439.22**	**3,265.98**
Timing of revenue recognition		
Services transferred at a point in time	4,439.22	3,265.98
Services transferred over time	-	-
Total revenue from contracts with customers	**4,439.22**	**3,265.98**

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Note 35
Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities		
Corporate guarantee given by Company to banks	4,125.00	5,652.78
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	102.21	50.42
Loans sanctioned not yet disbursed	28,495.54	41,073.37

Note 36
Disclosures as required by Ind AS 116 'Leases'
(A) Lease liability movement

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2,884.20	2,390.90
Add : additions during the year	2,856.07	1,471.71
Add : Interest on lease liability	330.32	257.21
Less : Deletions	(900.56)	-
Less : Lease rental payments	(1,420.09)	(1,235.62)
	3,749.94	**2,884.20**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	1,321.01	1,258.41
Later than one year but not later than five years	2,825.51	1,981.20
Later than five years	675.59	295.74
	4,822.11	**3,535.35**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability		
Less than 12 months	1,017.48	1,021.86
More than 12 months	2,732.46	1,862.34
	3,749.94	**2,884.20**

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 :

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Particulars	As at 31 March 2022	As at 31 March 2021
a. Principal and interest amount remaining unpaid	30.20	8.12
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

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 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	-	-	-	-	-

As at 31 March 2021

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	8.12	-	-	-	8.12
(ii) Others	106.44	233.85	46.00	-	386.29
(iii)Disputed dues - MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

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:

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Particulars	As at 31 March 2022	As at 31 March 2021
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	512.22	498.76
Fair value of plan assets as at the end of the year	4.09	3.83
Net asset / (liability) to be recognized in the balance sheet	**508.13**	**494.93**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	498.76	421.63
Current service cost	159.70	143.11
Past service cost	-	-
Interest cost	30.53	28.20
Benefits paid	(109.24)	(78.85)
Addition on account of business combination	-	-
Actuarial (gain) / loss on obligation	(67.53)	(15.33)
Projected benefit obligation at the end of the year	**512.22**	**498.76**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	3.84	3.59
Return on plan assets	3.52	4.15
Actuarial gain/(loss)	(3.27)	(3.90)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.09**	**3.84**
D. Amount recognised in the statement of profit and loss		
Current service cost	159.70	143.11
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	27.01	24.06
Expenses recognised in the statement of profit and loss	**186.71**	**167.17**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(28.25)	21.32
- experience variation	(34.15)	(31.42)
Return on plan assets, excluding amount recognised in net interest expense	(1.86)	(1.32)
	(64.26)	**(11.42)**
F. Assumptions used		
Discount rate	6.95%	6.35%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	874.59	953.95	477.44	521.75
Salary growth rate (0.5% movement)	948.93	878.41	518.61	479.93
Withdrawal rate (10% movement)	909.53	915.66	495.83	501.51

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H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 177.06 lakhs.
3. The average outstanding term of the obligations as at valuation date is 9.19 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 2022		As at 31 March 2021	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	98.26%	2,87,801.66	99.48%	3,67,896.44
Subsidiaries				
IndoStar Home Finance Private Limited	17.04%	49,901.47	5.82%	21,529.30
IndoStar Asset Advisory Private Limited	0.15%	451.45	0.12%	455.32
Minority Interest	0.00%	-	0.00%	-
Less: Inter-Company eliminations	-15.45%	(45,246.51)	-5.42%	(20,055.97)
Total	**100.00%**	**2,92,908.07**	**100.00%**	**3,69,825.09**

Share of Profit or Loss

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	As % of Consolidated profit or loss	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	104.43%	(76,919.79)	112.78%	(24,146.80)
Subsidiaries				
IndoStar Home Finance Private Limited	-4.66%	3,430.83	-13.05%	2,795.13
IndoStar Asset Advisory Private Limited	0.01%	(3.87)	0.02%	(4.30)
Minority Interest	0.00%	-	0.00%	-
Less: Inter-Company eliminations	0.22%	(158.40)	0.25%	(54.52)
Total	**100.00%**	**(73,651.23)**	**100.00%**	**(21,410.49)**

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 2022, 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 2022, 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.

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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	NA				
Method used for accounting of options	Fair Value Method				

II. 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	-	-

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Option Movement during the year ended 31 March 2021

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	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options granted during the year	-	-	-	-	15,75,000
Options forfeited / lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-
Money realised by exercise of options (₹ Lakhs)	95.60	573.75	2,009.40	-	-
Number of options outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Number of options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500
The weighted average market price of shares exercised during the year ended 31 March 2021 (₹ Per share)	284.55	331.06	309.72	-	-

III. *Weighted Average remaining contractual life*

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on 31 March 2022	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Contractual Life (in years)	5.75	4.39	2.49	4.08	4.66

IV. *Method and Assumptions used to estimate the fair value of options granted:*

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	6.00%	5.00%	NA	NA	5.30%
Weighted average expected life (in years)	5.01	4.00	NA	NA	4.00
Expected volatility	43.72%	43.00%	NA	NA	44.03%
Dividend yield	-	-	NA	NA	-
Exercise Price	218.00	262.55	NA	NA	288.20
Weighted average exercise price (₹ per share)	217.85	262.55	NA	NA	288.20

V. *Effect of share-based payment transactions on the Company's Profit or Loss for the year:*

Particulars	31-Mar-22	31-Mar-21
Employee share based expense	1,989.44	963.01
Total ESOP reserve outstanding	**7,081.96**	**5,375.17**

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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 2022			As on 31 March 2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,027.20	-	**8,027.20**	27,917.57	-	**27,917.57**
Bank balances other than cash and cash equivalents	2,783.97	38,154.46	**40,938.43**	359.61	23,736.99	**24,096.60**
Loans	1,42,864.10	6,27,829.76	**7,70,693.86**	1,67,495.73	5,46,437.88	**7,13,933.61**
Investments	31,703.13	23,063.90	**54,767.03**	1,40,367.14	18,768.91	**1,59,136.05**
Other financial assets	1,100.47	8,997.72	**10,098.19**	3,609.12	10,768.35	**14,377.47**
Non-financial assets						
Current tax assets (net)	-	6,896.18	**6,896.18**	-	12,053.80	**12,053.80**
Deferred tax assets (net)	-	31,669.41	**31,669.41**	-	14,519.21	**14,519.21**
Property, plant and equipment	-	7,271.54	**7,271.54**	-	6,092.79	**6,092.79**
Assets held for sale	1,300.00	-	**1,300.00**	2,087.45	-	**2,087.45**
Goodwill	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	-	1,311.70	**1,311.70**	-	452.43	**452.43**
Other non-financial assets	3,155.26	-	**3,155.26**	3,697.58	-	**3,697.58**
TOTAL ASSETS	**1,90,934.13**	**7,75,213.36**	**9,66,147.49**	**3,45,534.20**	**6,62,849.05**	**10,08,383.25**

Particulars	As on 31 March 2022			As on 31 March 2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	271.32	-	**271.32**	394.41	-	**394.41**
Debt securities	1,58,593.53	39,200.09	**1,97,793.62**	1,27,988.84	73,287.34	**2,01,276.18**
Borrowings (other than debt securities)*	1,64,571.53	2,59,978.49	**4,24,550.02**	1,37,039.50	2,62,443.96	**3,99,483.46**
Other financial liabilities	46,403.51	2,732.46	**49,135.97**	33,857.89	1,862.35	**35,720.24**
Non-financial liabilities						
Current tax liabilities (net)	0.57	-	**0.57**	-	-	**-**
Provisions	192.74	509.15	**701.89**	181.61	576.34	**757.95**
Deferred Tax Liability	-	80.75	**80.75**	-	225.72	**225.72**
Other non-financial liabilities	705.28	-	**705.28**	700.20	-	**700.20**
TOTAL LIABILITIES	**3,70,738.48**	**3,02,500.94**	**6,73,239.42**	**3,00,162.45**	**3,38,395.71**	**6,38,558.16**

** also refer note 31(G)*

Note 42
Note 42.1

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability and consequential measurement of loans, receivables, goodwill, investments and other financial assets, the Group has considered internal and external sources of information upto the date of approval of these financial statements. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Group's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Group's assets.

The Group has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

Note 42.2

Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company, the Audit Committee of the Company had approved the appointment of an independent external agency for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of the commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

(a) Review existence of the borrowers of the CV and SME loans;

(b) Assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

(c) Review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans; and upon completion of (a), (b) and (c), the Audit Committee has also additionally initiated 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) and has appointed an external law firm along with an external agency in this regard ("Conduct Review")

The Conduct Review is ongoing and is expected to be completed by September 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.

Note 42.3

The Company has concluded that it is impracticable to determine the prior period – specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year in respect of loan assets, investment in security receipts and impairment thereon because significant judgement have 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 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period.

Note 42.4

Material uncertainty relating to Going Concern

The Company has incurred losses during the previous year and continued to incur losses during the current year as a result of impairment allowance recorded on its loan portfolio, due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 31 March 2022, the Company exceeded the threshold specified for gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios for certain borrowing arrangements. Additionally certain borrowing arrangements have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. Due to this, the total liabilities exceed the total assets maturing within twelve months by ₹ 220,604 lakhs as at 31 March 2022.

While some of the lenders have option to terminate, reduce, suspend or cancel the facility in future the Management expects that lenders, based on customary business practice, may increase the interest rates relating to these borrowing arrangements which is expected to continue till the time GNPA / NNPA ratio exceed thresholds.

The Company has an established track record of accessing diversified sources of finance. However, there can be no assurance of success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Company, and to raise these amounts in a timely manner. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's Plan to address the Going Concern uncertainty:
Subsequent to the year-end and till the adoption of these financial statements, the Company has raised incremental financing of ₹ 117,000 lakhs from banks and financial institutions based on support from the promoters of the Company. As at 31 March 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 7,180 lakhs, liquid investments aggregating ₹ 29,403 lakhs and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial statements, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited.

Accordingly, the Management considers it appropriate to prepare these financial statements on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

Note 42.5
In relation to the loans portfolio, which is subject to the Conduct Review, the Management has on a best effort basis and knowledge, identified certain transactions with approximately 32 financiers amounting to ₹ 2,14,61.69 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 42.6
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, 2022

(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

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

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

(Currency: Indian Rupees Lakhs)

Part A Subsidiaries

	Sl. No.	**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 2021 to 31 March 2022	1 April 2021 to 31 March 2022
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	450.45	4,901.47
6	Total Assets	456.33	129,708.20
7	Total Liabilities	456.33	129,708.20
8	Investments	-	2,300.12
9	Turnover	-	14,461.00
10	Profit / (loss) before taxation	(0.76)	4,608.69
11	Provision for taxation	3.11	1,177.86
12	Profit / (loss) after taxation	(3.87)	3,430.83
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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

INDOSTAR

LIFE KA TAKE-OFF

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Concept, Content & Design WYATT Prism COMMUNICATIONS (info@wyatt.co.in)

INDOSTAR

INDOSTAR CAPITAL FINANCE LIMITED

Registered & Corporate Office: One World Center, 20th Floor, Tower 2A,
Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
Corporate Identity Number: L65100MH2009PLC268160
Tel: +91 22 43157000; **Fax:** +91 22 43157010
Website: www.indostarcapital.com; **Email:** investor.relations@indostarcapital.com

NOTICE is hereby given that the **13TH ANNUAL GENERAL MEETING** of the Members of **INDOSTAR CAPITAL FINANCE LIMITED ("the Company")** is scheduled to be held on **THURSDAY, SEPTEMBER 29, 2022 at 11.00 A.M. (IST) through Video Conferencing / Other Audio Visual Means,** to transact the below mentioned business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022, along with the report(s) of the Board of Directors and the Auditors thereon.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
   "**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Statutory Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. **To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the report of the Auditors thereon.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
   "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 and the report of the Statutory Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

3. **To confirm dividend paid on Compulsorily Convertible Preference Shares ("CCPS") of the Company, at the rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) for the period from May 27, 2021 to November 26, 2021, in accordance with the terms of the CCPS.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
   "RESOLVED THAT the dividend paid on Compulsorily Convertible Preference Shares ("CCPS") of the Company, at the rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) for the period from May 27, 2021 to November 26, 2021, in accordance with the terms of the CCPS, be and is hereby noted and confirmed."

4. **To appoint a Director in place of Mr. Dhanpal Jhaveri (DIN: 02018124), who retires by rotation and, being eligible, offers himself for re-appointment.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
   "RESOLVED THAT Mr. Dhanpal Jhaveri (DIN: 02018124), who retires by rotation at the 13th Annual General Meeting in accordance with Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

5. **To appoint a Director in place of Mr. Aditya Joshi (DIN: 08684627), who retires by rotation and, being eligible, offers himself for re-appointment.**

   To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
   "RESOLVED THAT Mr. Aditya Joshi (DIN: 08684627), who retires by rotation at the 13th Annual General Meeting in accordance with Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

6. ISSUE OF NON-CONVERTIBLE DEBENTURES UNDER PRIVATE PLACEMENT

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to (i) the provisions of Sections 23, 42, 71, 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable Rules framed thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force); (ii) the applicable provisions of the Memorandum of Association and the Articles of Association of the Company; (iii) the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended; (iv) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; (v) the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended; and (vi) all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications, and subject to such other consent(s) / permission(s) / sanction(s), as may be required, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the **"Board"** which term shall be deemed to include any committee constituted / may be constituted by the Board of Directors of the Company or any other person(s), for the time being exercising the powers conferred on the Board of Directors by this resolution and as may be authorised by the Board in this regard) to create / invite / offer / issue / allot up to such number of non-convertible debentures **("NCDs")** including but not limited to subordinated / perpetual debentures, under private placement, with or without security, in one or more modes or combinations thereof and in one or more series or tranches, to such eligible person(s), on such terms and conditions as the Board may determine and think fit, such that the aggregate principal amount of NCDs to be issued during a period of 1 (one) year commencing from the date of passing of this Special Resolution does not exceed ₹ 3,000 crore (Rupees Three Thousand Crore only) within the overall borrowing limits of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to undertake all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable to give full effect to the aforesaid resolution and to settle all questions / doubts / queries / difficulties that may arise in this regard, at any stage without being required to seek any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

7. MATERIAL RELATED PARTY TRANSACTIONS WITH BCP V MULTIPLE HOLDING PTE. LTD., THE HOLDING COMPANY OF THE COMPANY

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to (i) the provisions of the Regulation 23(4) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**"); (ii) the Related Party Transaction Policy of the Company; (iii) the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules framed thereunder (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force) ("**Act**"); (iv) the applicable provisions of the Articles of Association of the Company; and (v) all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications, and subject to such other consent(s) / permission(s) / sanction(s), as may be required, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to include the Audit Committee of the Company or any other committee constituted / empowered / to be constituted by the Board from time to time to exercise its powers conferred by this resolution) to enter into, contract(s) / arrangement(s) / transaction(s) (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) with BCP V Multiple Holding Pte. Ltd. ("**BCP V**"), the holding company of the Company and being a related party of the Company in terms of Section 2(76) of the Act and Regulation 2(1) (zb) of the Listing Regulations, of the nature set out in the explanatory statement which is annexed hereto, on the material terms and conditions which are set out in the explanatory statement and any other terms and conditions as may be agreed between the Company and BCP V, from the conclusion of the 13th Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company, so long as the aggregate value of all such transactions taken together does not exceed ₹ 1,000 crore (Rupees One Thousand Crore only), subject to such contract(s) / arrangement(s) / transaction(s) being carried out at arm's length and in the ordinary course of business of the Company;

RESOVED FURTHER THAT all actions taken by the Board in relation to and / or in connection with any matter(s) referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects;

RESOLVED FURTHER THAT the Board be and is hereby authorised including to delegate all or any of the powers herein conferred to any director(s), committee(s), executive(s), officer(s) or representatives(s) of the Company or to any other person to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion and to take all such steps as may be required in this connection including finalizing and executing necessary documents, contract(s), agreement(s) and such other documents as may be required, seeking all necessary approvals to give effect to this resolution, for and on behalf of the Company and settling all such issues, questions, difficulties or doubts whatsoever that may arise and to take all such decisions powers herein conferred to, without being required to seek further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

Jitendra Bhati
Company Secretary & Compliance Officer
Membership No.: FCS 8937

Place: Mumbai
Date: September 7, 2022

Registered Office:
One World Center, 20th Floor, Tower 2A,
Jupiter Mills Compound, Senapati Bapat Marg,
Mumbai – 400 013.
CIN: L65100MH2009PLC268160
Tel: +91 22 43157000
Fax: +91 22 43157010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

NOTES:

1. In view of the continuing COVID-19 pandemic prevailing in the country requiring social distancing, the Ministry of Corporate Affairs ("MCA") vide its General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, and 2/2022 dated May 5, 2022 (collectively referred as **"MCA Circulars"**) and the Securities and Exchange Board of India ("**SEBI**") vide its Circular no. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 ("**SEBI Circular**"), has permitted companies to hold annual general meetings through Video Conferencing ("**VC**") or Other Audio Visual Means ("**OAVM**") without the physical presence of members at a common venue, till December 31, 2022. Accordingly, in compliance with the provisions of the Companies Act, 2013 ("**Act**"), circulars issued by SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and the MCA Circulars, the 13th Annual General Meeting of the Company ("**AGM**") is being conducted through VC / OAVM, which does not require physical presence of the Members at a common venue. In accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("**ICSI**") read with Clarification / Guidance on applicability of Secretarial Standards - 1 and 2 dated April 15, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice. The Company has engaged the services of Central Depository Services (India) Limited ("**CDSL**") for providing the facility for remote e-voting, for participation in the AGM through VC / OAVM and for e-voting during the AGM. The procedure for participating in the AGM through VC / OAVM is explained at Note No.15 below.

2. The Explanatory Statement pursuant to Section 102 of the Act, the Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India ("**Secretarial Standards**") and the Listing Regulations, for business at Item No. 6 and Item No. 7 as set out in the Notice convening the AGM ("**AGM Notice**") is annexed hereto and forms part of the AGM Notice.

   The Board of Directors has considered and decided to include the Item No. 6 and Item No. 7 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.

3. Information with respect to Mr. Dhanpal Jhaveri and Mr. Aditya Joshi seeking re-appointment as Director(s) as required under Regulation 36(3) of the Listing Regulations and the Secretarial Standards is annexed hereto and forms part of the AGM Notice.

4. Members are requested to note that Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company by the Members at the 11th Annual General Meeting of the Company held on September 24, 2020 to hold office for a period of 5 years, from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company and delegated the powers to the Board of Directors / Committee to fix their remuneration.

   Members are requested to note that the Reserve Bank of India vide notification dated April 27, 2021 issued guidelines for appointment of statutory auditors by non-banking financial company's applicable from second half of financial year 2021-22 which *inter-alia* mandates tenure of statutory auditors to be for a continuous period of three years subject to satisfying the eligibility criteria each year ("**RBI Notification**"). Members are requested to note that in accordance with the RBI Notification, Deloitte Haskins & Sells LLP, Chartered Accountants, shall hold office as Statutory Auditors of the Company till conclusion of the 14th Annual General Meeting of the Company and has also confirmed that they satisfy the eligibility criteria as prescribed in the RBI Notification.

5. In terms of the MCA Circulars, since the requirement of physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM and hence Proxy Form and Attendance Slip are not annexed to this AGM Notice. However, in pursuance of Section 112 and Section 113 of the Act, Corporate / Institutional Members are entitled to appoint authorized representatives to attend the AGM through VC / OAVM on their behalf and for voting through remote e-voting or e-voting during the AGM. Corporate / Institutional Members are requested to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote and Demat Account details, to the Company at investor.relations@indostarcapital.com.

6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

7. The Register of Members and Share Transfer Books of the Company shall remain closed from **Friday, September 23, 2022 to Thursday, September 29, 2022 (Both days inclusive)**.

8. Members can join the AGM through VC / OAVM, 15 minutes before the scheduled time of commencement of the AGM and during the AGM, by following the procedure mentioned in the AGM Notice. The facility of participation at the AGM through VC / OAVM will be made available to at least 1,000 Members on a first-come-first-served basis. Large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairperson(s) of the Audit Committee, the Nomination & Remuneration Committee and the Stakeholders Relationship Committee, Auditors etc. are allowed to attend the AGM without restriction on account of first-come-first-served principle.

9. The Company's Registrar and Transfer Agent for its share registry work (Phyical and Electronic) is Link Intime India Private Limited ("**Link Intime**") having their office at C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400083.

10. **ELECTRONIC DISPATCH OF AGM NOTICE AND ANNUAL REPORT:** In compliance with the MCA Circulars and SEBI Circular, the AGM Notice along with the Annual Report for the financial year 2021-22 **("Annual Report")** are being sent through electronic mode to those Members whose email addresses are registered with the Company / Depository Participants / Registrar and Transfer Agent - Link Intime. Members are requested to note that the AGM Notice and Annual Report are also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations, the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. The AGM Notice is also disseminated on the website of CDSL at www.evotingindia.com.

11. The following documents / registers will be available for online inspection by the Members of the Company up to the date of the AGM:

    a) The Register of Directors and Key Managerial Personnel and their Shareholding and Register of Contracts or arrangement in which Directors are interested;

    b) All the documents referred to in the AGM Notice and the Explanatory Statement annexed to the AGM Notice; and

    c) A certificate from M Siroya and Company, Practicing Company Secretaries, Secretarial Auditors of the Company, in terms of Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **("the SBEB Regulations")**, certifying that the Employee Stock Options Plans of the Company have been implemented in accordance with the SBEB Regulations and the respective resolution(s) passed in the general meeting(s) of the Company in this regard.

    Members who wish to inspect any of the abovementioned documents may write to the Company Secretary & Compliance Officer at investor.relations@indostarcapital.com.

12. Members holding shares in physical mode and desirous of nominating any person as his / her nominee may send the duly filed nomination form in SH-13 or desirous of cancelling the earlier nomination and recording fresh nomination may send the duly filled form SH-14 to Link Intime. Members can obtain the blank form SH-13 and SH-14 from Link Intime. Members holding shares in electronic / dematerialised mode can contact their respective Depository Participants to either nominate any person as a nominee or cancel the earlier nomination and record fresh nomination.

13. Members are requested to:

    a) register / notify any change in their registered address / Permanent Account Number / bank mandates to Link Intime, in case of shares held in physical form;

    b) register / notify any change in their registered address / Permanent Account Number / bank mandates to the respective Depository Participants, in case of shares held in electronic / dematerialised form;

    c) quote their folio number(s) / Client ID and DP ID / Beneficiary ID in all their correspondence.

14. Members are requested to note that dividend which remains unpaid or unclaimed for 7 (seven) consecutive years from the date of transfer to the Company's Unpaid Dividend Account are liable to be transferred to

the Investor Education & Protection Fund ("**IEPF**") and all shares on which dividend has not been paid or claimed for 7 (seven) consecutive years shall also be transferred to IEPF Authority, in terms of the provision of Section 124 of the Act read with Rules made thereunder. In view of this, Members who have not claimed their dividend are requested to claim their dividend within the stipulated timeline by corresponding with Link Intime or the Company Secretary by writing at **investor.relations@indostarcapital.com**.

PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM AND E-VOTING DURING THE AGM:

15. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, Regulation 44 of the Listing Regulations read with Circular dated December 9, 2020 issued by the Securities and Exchange Board of India on e-voting facility provided by Listed Entities, the Secretarial Standards, the MCA Circulars, Members have the option to vote electronically either before the AGM ("**remote e-voting**") or during the AGM on the resolutions set out in the AGM Notice.

16. The facility of e-voting shall be available during the AGM for Members attending the AGM through VC / OAVM and who have not already cast their vote by remote e-voting. However, Members who have cast their vote through remote e-voting may attend the AGM but shall not be entitle to vote during the AGM.

17. The remote e-voting period commences on **Sunday, September 25, 2022** at **10:00 a.m. (IST)** and ends on **Wednesday, September 28, 2022** at **5:00 p.m. (IST)**, after which the facility will be blocked by CDSL and the remote e-voting shall not be allowed beyond the said end date and time. Members of the Company holding shares either in the physical mode or electronic / dematerialised mode as on the cut-off date i.e., **Thursday, September 22, 2022** shall be entitled to cast votes on the resolutions set out in the AGM Notice by remote e-voting or e-voting at the AGM. Any person who is not a Member as on the cut-off date i.e., **Thursday, September 22, 2022** should treat the AGM Notice for information purpose only.

18. The voting rights of the Members shall be in proportion of the amount paid-up on the equity shares held by a Member with the total equity share capital of the Company as on the cut-off date i.e., **Thursday, September 22, 2022.**

19. **Procedure and instructions for remote e-voting on the resolutions proposed in the AGM Notice:**

    In terms of the SEBI circular dated December 09, 2020 on "e-Voting facility provided by Listed Companies", e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts / websites of depositories and depository participants (DPs), in order to increase the efficiency of the voting process.

    Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process. Members are advised to update their mobile number and email ID in their demat accounts in order to access e-voting facility.

    A. Login method for remote e-voting for Individual Members holding shares in dematerialised mode:

Type of Members	Login Method
Individual Members holding shares in dematerialised mode with **CDSL**	A. **Users already registered for Easi / Easiest facility:** 1. URL for login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com. and click on **New System Myeasi**. Members can login through their existing user ID and password. Option will be available to reach e-voting page without any further authentication; 2. After successful login on Easi / Easiest, the user will be able to see the e-voting Menu. The Menu will have links of all e-voting service providers ("**ESP**") i.e. CDSL / NSDL / KARVY / Link Intime etc. Click on **CDSL** to cast your vote. B. **Users who have not opted for Easi / Easiest facility:** 1. Option to register for Easi / Easiest is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 2. Proceed with completing the required fields; 3. After successful registration, please follow steps given in Point No. A above to cast your vote.

	C. **Visit the e-voting website of CDSL:** 1. Alternatively, the user can directly access e-voting page by providing Demat Account Number and Permanent Account Number from a e-voting link available on www.cdslindia.com home page. 2. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the Demat Account. 3. After successful authentication, user will be able to see the e-voting option where the E-voting is in progress. Click on options available against the Company name: **IndoStar Capital Finance Limited** or select e-voting service provider name – **CDSL** to cast your vote.
Individual Members holding share(s) in dematerialised mode with **NSDL**	A. **Users registered for NSDL IDeAS facility** 1. Open web browser by typing the following URL: https://eservices.nsdl.com. Once the home page of e-services is launched, click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section; 2. A new screen will open. Enter your User ID and Password. After successful authentication, user will be able to see E-voting services. Click on "**Access to e-voting**" under e-voting services and user will be able to see e-voting page. 3. Click on options available against Company name: **IndoStar Capital Finance Limited** or e-voting service provider name – **CDSL** and you will be re-directed to CDSL e-voting website for casting vote during the remote e-voting period. B. **Users not registered for NSDL IDeAS facility:** 1. Option to register is available at https://eservices.nsdl.com. 2. Select "**Register Online for IDeAS**" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Proceed with completing the required fields. 4. After successful registration, please follow steps given in **Point No. A** above to cast your vote C. **Visit the e-voting website of NSDL** 1. Visit the e-Voting website of NSDL by typing the following URL: https://www.evoting.nsdl.com/. Once the home page of e-Voting system is launched, click on the icon **"Login"** which is available under **'Shareholder / Member'** section. 2. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. 3. After successful authentication, user will be redirected to NSDL depository site wherein you can see e-voting page. Click on options available against Company name: **IndoStar Capital Finance Limited** or e-voting service provider name – **CDSL**. 4. User will be redirected to e-voting website of CDSL for casting your vote during the remote e-voting period.
Individual Members (holding share(s) in dematerialized mode) login through their **Depository Participants**	1. User can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-voting facility. 2. After Successful login, user will be able to see e-voting option. Click on e-voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-voting feature. 3. Click on option available against Company's name: **IndoStar Capital Finance Limited** or e-voting service provider – **CDSL** and user will be redirected to e-voting website of CDSL for casting vote during the remote e-voting period

Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding shares in dematerialized mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login Type	Helpdesk Details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at Toll free nos.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at toll free no. 1800 22 55 33.

B. Login method for remote e-voting for Members other than Individual Members holding shares in demat mode and Members holding shares in physical mode:

a) The Members should log on to the e-voting website at www.evotingindia.com.

b) Click on **"SHAREHOLDERS / MEMBERS"** tab.

c) Now enter your User ID, as detailed below:

a. For CDSL: 16 digits beneficiary ID;

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID;

c. Members holding shares in physical mode should enter **"Folio Number"** registered with the Company.

d) Next enter the Image Verification as displayed and Click on **"Login"**.

e) Please follow the following steps after clicking on **"Login"**.

Existing Users	New Users
• In case a Member has already used the remote e-voting facility of CDSL for any other company, should use their existing User ID and Password. • If a Member has forgotten his / her password, they can retrieve the same by clicking on "**Forgot Password**"	• Members who have updated their PAN with the Company / Depository Participants / Link Intime, please enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both the Members holding shares in electronic / dematerialized mode or physical mode) • Members who have not updated their PAN with the Company / Depository Participants / Link Intime are requested to use the sequence number sent by Company. In case a Member has not received sequence number, he / she can obtain the same by writing to the Company at **investor.relations@indostarcapital.com**. AND • Enter the Dividend Bank Details **OR** Date of Birth (in dd/mm/yyyy format) as recorded with your Depository Participants / Company / Link Intime. In case the said details are not recorded, Members are requested to use the Folio No. (in case of shares in physical mode) and Beneficiary ID / DP ID and Client ID. (in case of shares held in electronic / dematerialised mode).

f. After entering these details appropriately, click on "**SUBMIT**" tab.

g. Members holding shares in physical form will then directly reach the EVSN selection screen. The details can be used only for using the remote e-voting facility for the resolutions contained in the AGM Notice.

h. Members holding shares in electronic / dematerialised mode will now reach '**Password Creation**' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

i. Click on the EVSN 220905083 of the Company on which you choose to vote.

j. On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES / NO**" for voting. Select the option "**YES**" or "**NO**" as desired. The option YES implies that you assent to a particular resolution and option NO implies that you dissent to a particular resolution.

k. If you wish to view the entire resolution details, click on the "**RESOLUTIONS FILE LINK**".

l. After selecting the resolution, you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.

m. Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.

n. You can also take a print of the votes cast by clicking on "**Click here to print**" option on the Voting page.

o. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

p. **Note for Non – Individual Members and Custodians:**

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non-Individual Members are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote and Demat account details to the Company at **investor.relations@indostarcapital.com**, if have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify.

20. **Process for Members whose email addresses are not registered with the Company / Depositories:**

I. Members holding shares in physical form - Please provide necessary details like Folio No., Name of Member, scanned copy of the share certificate (front and back) and PAN (self attested scanned copy of PAN card) by email to **investor.relations@indostarcapital.com**;

II. Members holding shares in dematerialised form (other than individuals) - Please update your email address and mobile no. with your respective depository participant.

III. Individual Members holding shares in dematerialised form - Please update your email address and mobile no. with your respective depository participant which is mandatory while e-voting and joining the AGM.

21. **Instructions for Members attending the AGM through VC / OAVM and e-voting on the resolutions proposed in the AGM Notice, during the AGM are as under:**

a) The procedure for attending the AGM through VC / OAVM and e-voting during the AGM is same as the instructions mentioned above for remote e-voting;

b) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.

c) Only those Members, who are present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions proposed in the AGM Notice through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

d) After successful login as per the instructions mentioned above for remote e-voting, the link for VC / OAVM to attend AGM will be available where the EVSN of Company will be displayed.

e) Members are encouraged to join the AGM through Laptops / IPads for better experience.

f) Members will be required to allow Camera (in case of speakers) and use Internet with a good speed to avoid any disturbance during the meeting.

g) Members connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. Members are therefore requested to use internet facility with a good speed to avoid any disturbance during the AGM.

h) Members who would like to express their views / ask questions during the AGM may register themselves as a speaker by sending a specific request for the same from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN and mobile number at **investor.relations@indostarcapital.com** in advance, at least 7 days prior to the date of AGM.

i) Only those Members who have registered themselves as a 'speaker' will be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

j) The Members who do not wish to speak during the AGM but have any queries relating to the resolutions set out in the AGM Notice may send their queries from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN and mobile number at **investor.relations@indostarcapital.com** in advance, at least 7 days prior to the date of AGM. These queries will be replied to by the Company suitably via email.

Details of persons to be contacted for any issues / queries / grievances relating to remote e-voting, e-voting during the AGM and attending the AGM through VC / OAVM:

CDSL:
Members may refer to the Frequently Asked Questions ("FAQs") and e-voting user manual available at www.evotingindia.com, under "Help" section or may contact Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on toll free no. 1800 22 55 33.

Company:
Mr. Jitendra Bhati, Company Secretary & Compliance Officer at One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013 or send an email at investor.relations@indostarcapital.com or call at 022-43157000.

22. **Mr. Mukesh Siroya, (Membership No. F5682), M/s. M. Siroya and Company, Practicing Company Secretaries,** have been appointed as the Scrutinizer to scrutinize the remote e-voting process and e-voting during the AGM in a fair and transparent manner.

23. The Scrutinizer shall not later than 48 hours from the conclusion of the AGM submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any other person authorized by the Chairman in this behalf, who shall countersign the same.

24. The Chairman or any other person authorized by the Chairman in this behalf shall forthwith on receipt of the consolidated Scrutinizer's Report, declare the results of the voting within 48 hours of the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website at **www.indostarcapital.com** and on the website of CDSL e-voting at **www.evotingindia.com** immediately after the results are declared by the Chairman or any other person so authorized. Simultaneously, the same will also be communicated to the BSE Limited and the National Stock Exchange of India Limited, where the equity shares of the Company are listed.

25. The resolutions as set out in the AGM Notice shall be deemed to be passed on the date of the AGM i.e. **Thursday, September 29, 2022**, subject to receipt of the requisite number of votes in favour of the resolution(s).

ANNEXURE TO THE NOTICE CONVENING THE 13TH ANNUAL GENERAL MEETING ("AGM NOTICE")

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND THE SECRETARIAL STANDARDS ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

ITEM NO. 6

ISSUE OF NON-CONVERTIBLE DEBENTURES UNDER PRIVATE PLACEMENT

Members at the 12th Annual General Meeting of the Company held on September 28, 2021, had accorded their approval to create / invite / offer / issue / allot up to such number of Non-Convertible Debentures ("NCDs"), under private placement, in one or more series or tranches, on such terms and conditions as may be determined by the Board, such that the aggregate principal amount of such NCDs issued during a period of 1 (one) year commencing from the date of passing of special resolution at the aforesaid Annual General Meeting, does not exceed ₹ 5,000 crore (Rupees Five Thousand Crore only).

Members are requested to note that the aforesaid approval accorded by the Members of the Company for the issue of NCDs under Private Placement is valid for a period of one year from the date of approval by the Members of the Company i.e. upto September 27, 2022.

Members are requested to note that in order to enable the Company to raise funds by way of issuance of NCDs under private placement, the Board of Directors of the Company at its meeting held on August 14, 2022, subject to the approval of the Members of the Company, accorded its approval to create / invite / offer / issue / allot upto such number of NCDs, under private placement, in one or more series or tranches, such that the aggregate principal amount of such NCDs to be issued during a period of 1 (one) year commencing from the date of passing of the Special Resolution set out at Item No. 6 of the AGM Notice, does not exceed ₹ 3,000 crore. Further, the Board of Directors have authorised the Debenture Committee to undertake all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable, in respect of issuance of NCDs under private placement including but not limited to determine the terms and conditions of the NCDs to be issued, number of NCDs to be issued, issue price, face value, issue size, coupon, tenor, objects of the issue, etc.

Members are requested to note that in terms of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company shall not make an offer or invitation to subscribe to securities (including NCDs) through private placement unless the proposal has been previously approved by the members of the company, by way of special resolution. Further, in case of offer or invitation to subscribe NCDs it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations to subscribe NCDs during the year.

Accordingly, approval of the Members of the Company is sought in terms of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, to create / invite / offer / issue / allot up to such number of NCDs, under private placement, in one or more series or tranches, such that the aggregate principal amount of such NCDs to be issued during a period of 1 (one) year from the date of passing of the Special Resolution set out at Item No. 6 of the AGM Notice, does not exceed ₹ 3,000 crore within the overall borrowing limits of the Company.

The Board of Directors recommends the resolution set out at Item No. 6 of the AGM Notice to the Members for their consideration and approval, by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the AGM Notice, except to the extent of the NCDs that may be subscribed by any Directors or Key Managerial Personnel of the Company or their relatives or any entity in which any of the Directors or Key Managerial Personnel of the Company or their relatives may be concerned or interested in any capacity.

ITEN NO. 7

MATERIAL RELATED PARTY TRANSACTIONS WITH BCP V MULTIPLE HOLDING PTE. LTD., THE HOLDING COMPANY OF THE COMPANY

Members are requested to note that in order to enable the Company to raise funds, the Company may avail of financing support from its holding company, BCP V Multiple Holdings Pte. Ltd. ("BCP V"), to the extent required for the purposes of its business and operations. The Company has availed of / may avail of credit support from BCP V with respect to such borrowings, from time to time including in the nature of fund based and / or non-fund based facilities, guarantees and / or stand-by letter(s) of credit in favour of / for the benefit of the lenders of the Company upto an aggregate amount of ₹ 1,000 crore (Rupees One Thousand Crore only). The Company may be required to make payments to BCP V under the terms of such credit support pursuant to such transactions, subject to the terms and conditions as may be agreed between the Company and BCP V.

Members are requested to note that the terms of all such transactions between BCP V and the Company have been / will be arrived at on an arm's length basis and in the ordinary course of business of the Company.

Members are requested to note that in terms of Regulation 23(4) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), all 'material related party transactions' require the prior approval of the shareholders of the Company, even if the transactions are in the ordinary course of business and at arm's length basis.

As per the Listing Regulations, a transaction with a related party is considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Accordingly, approval of the Members of the Company is sought in terms of Regulation 23 of the Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated March 30, 2022, for the following specific Material Related Party Transactions, details of which are mentioned below in accordance with SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021:

Sr. no.	Heading	Disclosure
1.	Summary of the Information as provided below:	
a	Type, material terms and particulars of the proposed transaction	The Company may avail of financing support from its holding company, BCP V, to the extent required for the purposes of its business and operations. The Company has availed of / may avail of credit support from BCP V with respect to such borrowings from time to time including in the nature of fund based and / or non-fund based facilities, guarantees and / or stand-by letter(s) of credit in favour of / for the benefit of the lenders of the Company upto an aggregate amount of ₹ 1,000 crore. The Company may be required to make payments to BCP V under the terms of such credit support pursuant to such transactions, subject to the terms and conditions as may be agreed between the Company and BCP V.
b	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	BCP V Multiple Holding Pte. Ltd ("**BCP V**"), which is the holding company of the Company
c	Tenure of the proposed transaction (particular tenure shall be specified)	From the conclusion of the 13th Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company
d	Value of the proposed transaction	Upto ₹ 1,000 crore
e	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);	₹ 1,000 crore constituted 85% of the Company's Annual Consolidated Turnover* for the Financial Year ended March 31, 2022. *Turnover includes Revenue from operations and Other Income.

Sr. no.	Heading	Disclosure
f.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: i) details of the source of funds in connection with the proposed transaction; ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Not applicable
g.	Justification as to why the RPT is in the interest of the listed entity	The RPT pertains to extending credit support to the Company by its holding company, BCP V, to the extent required, for the purposes of its business and operations.
h.	A copy of the valuation or other external party report, if any such report has been relied upon	Not applicable. All proposed RPTs shall be undertaken after evaluation and certification by a reputed external independent consulting firm in terms of pricing and arm's length criteria and the report confirming that the proposed RPTs are on arm's length basis. Further any such transactions would be undertaken only after prior approval of the audit committee and any such reports / certifications procured by the Company shall be submitted before the audit committee at the time of seeking its approval.
i.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	Not applicable
2.	A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders	Not applicable
3.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;	Not applicable
4.	Any other information that may be relevant	All important information forms part of the explanatory statement setting out material facts, pursuant to Section 102(1) of the Act forming part of AGM Notice

None of Directors or Key Managerial Personnel of the Company holds Directorship in BCP V.

Members are requested to note that in terms of the provisions of the Listing Regulations, all the related parties of the Company as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall not vote to approve resolution at Item No. 7 of the AGM Notice.

The Board of Directors recommends the resolution set out at Item No. 7 of the AGM Notice to the Members for their consideration and approval, by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 7 of the AGM Notice, except to the extent of their shareholding in the Company.

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

Jitendra Bhati
Company Secretary & Compliance Officer
Membership No.: FCS 8937

Place: Mumbai
Date : September 7, 2022

ANNEXURE TO THE NOTICE CONVENING THE 13TH ANNUAL GENERAL MEETING

ADDITIONAL INFORMATION OF DIRECTOR(S) SEEKING RE-APPOINTMENT AT THE 13TH ANNUAL GENERAL MEETING WITH RESPECT TO ITEM NOs. 4 & 5 OF THE AGM NOTICE

Name of the Director	Mr. Dhanpal Jhaveri	Mr. Aditya Joshi
Age	53 years	41 Years
Date of first Appointment on the Board of the Company	September 2, 2010	July 10, 2020
Brief Resume, Qualifications, Experience and Nature of his expertise in functional areas	Mr. Dhanpal Jhaveri holds Bachelors' degree in Commerce from the University of Mumbai and Master's Degree in Business Administration from Babson College. Mr. Dhanpal Jhaveri oversees the private equity business of the Everstone Group, an India and Southeast Asia focused private equity and real estate investor. Mr. Jhaveri is an astute dealmaker with a collaborative and hands-on approach with over two decades of experience in investments, strategy, M&A and investment banking. Prior to joining Everstone, Mr. Jhaveri led the overall development of Future Capital Holdings as Executive Director. Mr. Jhaveri has also worked as Director (Corporate Strategy) with Vedanta Resources PLC. His other assignments include, Head of Investment Banking at ICICI Securities and Partner for Corporate Finance at KPMG. Outside the boardroom, Mr. Jhaveri manages to spend time, sharing his deep experience to guide young and upcoming business leaders, as well as entrepreneurs, and is an ex-President of TiE, Mumbai. He is also on the Board of Avasara Leadership Institute, an educational institution focused on accelerating academic and leadership outcomes for India's brightest girls.	Mr. Aditya Joshi holds a Master's Degree in Business Administration from the Wharton School, University of Pennsylvania, and is a Member of the Institute of Chartered Accountants of India. Mr. Aditya Joshi is a Senior Vice President at Brookfield Asset Management, Mumbai, and leads the Private Equity business for Brookfield in India. Mr. Joshi is a senior member of Brookfield's private equity investments team and has over 10 years of private equity experience. Prior to Brookfield, Mr. Joshi was a Principal at Apax Partners and led and participated in deals across healthcare, tech, consumer and financial services. Prior to joining Apax, Mr. Joshi worked at The Blackstone Group, where he focused on investment opportunities primarily in the Indian TMT, consumer, and business services space.
Terms and Conditions of appointment / re-appointment	Liable to retire by rotation.	Liable to retire by rotation.
Remuneration sought to be paid	NIL	NIL
Remuneration last drawn (FY 2021-22)	NIL	NIL
Shareholding in the Company	1,000 Equity shares, jointly with Ms. Neeru Jhaveri	NIL
Relationship with other Directors / Managers / Key Managerial Personnel	Not related to any Director or Key Managerial Personnel of the Company	Not related to any Director or Key Managerial Personnel of the Company
No. of Board Meetings attended during the financial year2021-22 (No. of Meetings held during tenure of directorship)	5(7)	7(7)

Other Directorships	1. Interarch Building Products Private Limited 2. Amulya Corporation Private Limited 3. Eversource Capital Private Limited 4. Kissandhan Agri Financial Services Private Limited 5. IndoStar Asset Advisory Private Limited 6. Everstone Capital Advisors Private Limited 7. Everock Realty Private Limited 8. Everock Real Estate Private Limited 9. North End Foods Marketing Private Limited 10. IMC Chamber of Commerce and Industry 11. Avasara Leadership Institute 12. Sohan Lal Commodity Management Private Limited	India Mortgage Guarantee Corporation Private Limited
Membership / Chairmanship of Committees of other Boards	Everstone Capital Advisors Private Limited: • Investment Committee – Member Kissandhan Agri Financial Services Private Limited: • Audit Committee – Member • Corporate Social Responsibilty Committee – Member Sohan Lal Commodity Management Private Limited: • Compensation and Remuneration Committee – Member North End Foods Marketing Private Limited: • Corporate Social Responsibilty Committee – Member Eversource Capital Private Limited: • Investment Committee – Member IMC Chamber of Commerce and Industry: • Managing Committee of Board of Directors – Member • Alternative Funding (PE + Capital Markets) Committee – Chairman	None
Listed entities from which resigned in past three years	None	None

The Company has received declaration from Mr. Dhanpal Jhaveri and Mr. Aditya Joshi confirming that they are not debarred from holding office of director(s) pursuant to any order issued by SEBI or any other authority and they are not disqualified from being re-appointed as Director(s) of the Company under Section 164(2) of the Act.

Mr. Dhanpal Jhaveri and Mr. Aditya Joshi comply with the ‘Fit and Proper’ criteria prescribed by RBI vide its Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated 1st September, 2016.

The Board of Directors recommend the resolution(s) set out at Item No. 4 & 5 of this Notice to the Members for their consideration and approval, by way of Ordinary Resolution(s).

Except Mr. Dhanpal Jhaveri and Mr. Aditya Joshi or their relatives, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 & 5 of AGM Notice.