S.R. BATLIBOI & CO. LLP
Chartered Accountants

12th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of IndoStar Home Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of IndoStar Home Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report and Management Discussion & Analysis, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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CHARTERED ACCOUNTANTS

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act [, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: IndoStar Home Finance Private Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, provident fund, employees' state insurance, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, provident fund, employees' state insurance, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, provident fund, employees' state insurance, goods and services tax and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of commercial papers and term loans for the purposes for which they were raised though idle /surplus funds which were not required for immediate utilization were invested in liquid investments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we

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(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Companies Act, 2013 are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

per Shrawan Jalan
Partner
Membership No: 102102
Place: Mumbai
Date: May 20, 2019

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED LIMTED

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

We have audited the internal financial controls over financial reporting of **IndoStar Home Finance Private Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

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timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

IndoStar Home Finance Private Limited

Balance sheet as at 31 March 2019
(Currency : Indian Rupees)

Particulars	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
I. ASSETS				
Financial assets				
Cash and cash equivalents	3	31,43,36,786	5,36,29,319	10,53,18,421
Loans	4	5,28,05,96,166	50,92,49,374	-
Other financial assets	5	19,23,126	13,98,126	-
		5,59,68,56,078	**56,42,76,819**	**10,53,18,421**
Non-financial assets				
Current tax assets (net)	6	7,56,160	11,33,509	1,17,484
Property, plant and equipment	7	2,50,67,141	1,19,70,930	-
Intangible assets	8	90,66,134	1,38,98,296	-
Other non-financial assets	9	3,03,71,498	91,97,119	20,213
		6,52,60,933	**3,61,99,854**	**1,37,697**
TOTAL ASSETS		**5,66,21,17,011**	**60,04,76,673**	**10,54,56,118**
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables	10			
(i) total outstanding to micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4,15,55,578	1,02,97,721	1,22,250
Borrowings	11	3,65,93,89,966	-	-
Other financial liabilities	12	21,94,53,189	8,59,14,390	-
		3,92,03,98,733	**9,62,12,111**	**1,22,250**
Non-financial liabilities				
Provisions	13	42,32,156	11,50,126	-
Other non-financial liabilities	14	2,08,98,030	31,02,272	10,600
		2,51,30,186	**42,52,398**	**10,600**
TOTAL LIABILITIES		**3,94,55,28,919**	**10,04,64,509**	**1,32,850**
Equity				
Equity share capital	15	2,00,00,00,000	60,00,00,000	10,00,00,000
Other equity	16	(28,34,11,908)	(9,99,87,836)	53,23,268
TOTAL EQUITY		**1,71,65,88,092**	**50,00,12,164**	**10,53,23,268**
TOTAL LIABILITIES AND EQUITY		**5,66,21,17,011**	**60,04,76,673**	**10,54,56,118**

Significant Accounting Policies 2

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of IndoStar Home Finance Private Limited

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

IndoStar Home Finance Private Limited
Statement of profit and loss for the year ended 31 March 2019
(Currency : Indian Rupees)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	17		
Interest income		37,60,55,910	1,43,24,543
Fees and commission income		1,89,87,649	8,271
Net gain on fair value changes		65,00,328	-
Gain on derecognition of financial instruments measured at amortised cost category		2,41,67,091	-
Total revenue from operations		**42,57,10,978**	**1,43,32,814**
Other income		-	-
Total income		**42,57,10,978**	**1,43,32,814**
Expenses			
Finance costs	18	22,08,37,560	23,898
Impairment on financial instruments	19	1,43,74,513	12,79,501
Employee benefit expenses	20	26,81,61,995	9,14,63,102
Depreciation and amortization expenses	21	1,50,73,085	22,51,429
Other expenses	22	9,79,27,126	2,46,25,988
Total expenses		**61,63,74,279**	**11,96,43,918**
Profit before tax		**(19,06,63,301)**	**(10,53,11,104)**
Tax expense:			
1. Current tax		-	-
2. Deferred tax expense /(income)		-	-
Total tax expenses		-	-
Profit after tax		**(19,06,63,301)**	**(10,53,11,104)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		9,914	-
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		**9,914**	**-**
Total comprehensive income for the year		**(19,06,53,387)**	**(10,53,11,104)**
Earnings per equity share	23		
Basic earnings per share (₹)		(2.05)	(5.17)
Diluted earnings per share (₹)		(2.05)	(5.17)
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached

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

S.R. Batliboi & Co. LLP Mumbai Chartered Accountants

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of IndoStar Home Finance Private Limited

Pankaj Thapar

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

IndoStar Home Finance Private Limited

IndoStar Home Finance Private Limited

Statement of Cash flows for the year ended 31 March 2019
(Currency : Indian Rupees)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A	**Cash Flow from Operating Activities**		
	Net Loss before tax	(19,06,63,301)	(10,53,11,104)
	Adjustments for :		
	Interest income on financial assets	(37,60,55,910)	(1,43,24,543)
	Finance costs	22,08,37,560	23,898
	Depreciation and amortisation expense	1,50,73,085	22,51,429
	Provisions for expected credit loss	1,42,24,513	12,79,501
	Provision for gratuity and leave encashment	37,62,226	11,63,284
	Employee share based payment expense	72,29,315	-
	Gain on sale/revaluation of investments	(65,00,328)	-
	Operating Loss before working capital changes	**(31,20,92,840)**	**(11,49,17,535)**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(4,74,71,47,249)	(50,74,92,376)
	(Increase)/Decrease in other financial assets	(5,25,000)	(13,98,126)
	(Increase)/Decrease in other non-financial assets	(2,11,74,379)	(91,76,906)
	Increase/(Decrease) in trade payable	3,12,57,857	1,01,75,471
	Increase/(Decrease) in other financial liabilities	(64,66,689)	8,59,14,390
	Increase/(Decrease) in other non-financial liabilities	1,77,95,758	30,91,672
	Increase/(Decrease) in provisions	(6,70,282)	(13,158)
		(5,03,90,22,824)	**(53,38,16,568)**
	Interest income realised on financial assets	33,76,31,854	1,12,88,044
	Finance costs paid	(8,08,32,072)	(23,898)
	Cash (used in)/generated from operating activities	**(4,78,22,23,042)**	**(52,25,52,422)**
	Taxes paid	3,77,349	(10,16,025)
	Net cash (used in)/generated from operating activities (A)	**(4,78,18,45,693)**	**(52,35,68,447)**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,32,53,903)	(1,34,07,297)
	Purchase of intangible assets	(83,231)	(1,47,13,358)
	Acquisition of FVTPL investments	(13,48,20,00,000)	-
	Redemption of FVTPL investments	13,48,85,00,328	-
	Net cash (used in)/generated from investing activities (B)	**(1,68,36,806)**	**(2,81,20,655)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity share capital	1,40,00,00,000	50,00,00,000
	Proceeds from borrowings	3,69,82,78,858	-
	Repayments towards borrowings	(3,88,88,892)	-
	Net cash (used in)/generated from financing activities (C)	**5,05,93,89,966**	**50,00,00,000**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**26,07,07,467**	**(5,16,89,102)**

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IndoStar Home Finance Private Limited *

IndoStar Home Finance Private Limited

Statement of Cash flows for the year ended 31 March 2019
(Currency : Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash and Cash Equivalents at the beginning of the year	5,36,29,319	10,53,18,421
Cash and Cash Equivalents at the end of the year	**31,43,36,786**	**5,36,29,319**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	317	-
Balances with banks		
- in current accounts	31,43,36,469	2,42,74,549
Deposits with original maturity of less than 3 months	-	2,93,54,770
Total	**31,43,36,786**	**5,36,29,319**

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102

Place: Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of IndoStar Home Finance Private Limited

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

IndoStar Home Finance Private Limited

Statement of Changes in Equity (SOCIE) for the year ended 31 March 2019

(a) Equity share capital of face value of Rs.10/- each	Note	Amount
Balance as at 1 April 2017		10,00,00,000
Shares issued during the period		50,00,00,000
Balance as at 31 March 2018	15	60,00,00,000
Balance as at 31 March 2018		60,00,00,000
Shares issued during the period		1,40,00,00,000
Balance as at 31 March 2019	15	2,00,00,00,000

(b) Other equity

Particulars	Reserves and surplus		Capital contribution from holding Company	Total
	Statutory Reserves u/s 29C	Retained earnings		
Balance at 1 April 2017	8,52,652	44,70,616	-	53,23,268
Profit for the year	-	(10,53,11,104)	-	(10,53,11,104)
Total	-	(10,53,11,104)	-	(10,53,11,104)
Balance at 31 March 2018	8,52,652	(10,08,40,488)	-	(9,99,87,836)
Balance at 31 March 2018	8,52,652	(10,08,40,488)	-	(9,99,87,836)
Loss for the year	-	(19,06,63,301)	-	(19,06,63,301)
Gain/loss on re-measurement of defined benefit plans	-	9,914	-	9,914
Total	-	(19,06,53,387)	-	(19,06,53,387)
Share based payment expense	-	-	72,29,315	72,29,315
Balance at 31 March 2019	8,52,652	(29,14,93,875)	72,29,315	(28,34,11,908)

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102

S.R. BATLIBOI & CO. LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of
IndoStar Home Finance Private Limited

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

IndoStar Home Finance Private Limited ★

IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

1 Corporate Information

IndoStar Home Finance Private Limited ('the Company') was incorporated on 1st January 2016 and is domiciled in India. The Company is wholly owned subsidiary of IndoStar Capital Finance Limited. The Company is engaged in housing finance business and registered with National Housing Bank ('NHB') as housing finance Company (HFC) not accepting public deposits, as defined under section 29A of the National Housing Bank Act, 1987.

2 Basis of Preparation and Significant accounting policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 to the extent applicable and as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules 2006, guidelines issued by the National Housing Bank (NHB) and other relevant provisions of the Act, considered as the "Previous GAAP".

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the Company's equity financial position, financial performance and its cash flows is provided in Note 33.

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

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities of the Company as on balance sheet dates, within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 31.

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.

(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.

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IndoStar Home Finance Private Limited

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

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

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

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

Solely payment of principal and interest (SPPI) test

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

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

(iii) Initial measurement of financial instruments

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

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

(a) Loans at amortized cost

A 'loan' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 recognized in the profit or loss.

(b) Bank balances

The Company measures Bank balances at amortised cost.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those that are either held for trading. 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) 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

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.

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(vi) Derecognition of financial assets in the following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

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

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

A transfer only qualifies for derecognition if either:

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

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

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

(vii) Derecognition of Financial liabilities

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

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments as explained in note 24 at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

The 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 categorized 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 categorized 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) 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 recognized in the Statement of Profit and Loss when the asset is derecognized.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognized 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 derecognized when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective assets. The estimated useful life used to provide depreciation are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipments	5 years	5 years
Servers and networks	5 years	6 years

Leasehold improvement is amortised on Straight Line Method over the lease term, subject to a maximum of 60 months.

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

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

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

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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

Amortization

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) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles for Financial assets

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with undrawn loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 90 days or more are considered to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Calculation of ECL:

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is 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.

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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 on collective basis on loans portfolio.

(ii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount.

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

f) Recognition of income

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

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

Step 1: Identify contract(s) with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

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 using the contractual interest rate in net gain on fair value changes.

(b) 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.

(c) Assignment income

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

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(c) 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.

g) 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.

h) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense, when an employee renders the related service.

(ii) Defined Benefit schemes

(a) Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest recognized 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 recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

i) 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.

Such rights have been provided to the employees on the equity shares of the Indostar Capital Finance Limited, who is holding Company. Such contribution is credited directly as capital contribution of the Company.

j) Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

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k) Foreign currency translation

Functional and presentational currency

The financial statements are presented in INR which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

m) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Minimum alternate tax

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

(iii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

n) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

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Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Segment reporting

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Standards issued but not yet effective

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

The Company is in the process of analysing the impact of new lease standard on its financial statements.

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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 3			
Cash and cash equivalents			
Cash on hand	317	-	-
Balances with banks			
- in current accounts	31,43,36,469	2,42,74,549	23,24,022
Deposits with original maturity of less than three months	-	2,93,54,770	10,29,94,399
	31,43,36,786	**5,36,29,319**	**10,53,18,421**

Note 4			
Loans			
At amortized cost			
Business Loans			
Home Loans	5,29,61,00,180	51,05,28,875	-
Total - Gross	5,29,61,00,180	51,05,28,875	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	**5,28,05,96,166**	**50,92,49,374**	-
Secured by tangible assets	5,29,61,00,180	51,05,28,875	-
Total - Gross	**5,29,61,00,180**	**51,05,28,875**	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	**5,28,05,96,166**	**50,92,49,374**	-
Loans in India			
(a) Public sector	-	-	-
(b) Others	5,29,61,00,180	51,05,28,875	-
Total - Gross	**5,29,61,00,180**	**51,05,28,875**	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	**5,28,05,96,166**	**50,92,49,374**	-
Loans outside India (b)	-	-	-
Total - Net (a)+(b)	5,28,05,96,166	50,92,49,374	-

Note 5			
Other financial assets			
Security deposit	19,23,126	13,98,126	-
	19,23,126	**13,98,126**	-

Note 6			
Current tax assets (net)			
Advance Tax (net of provision)	7,56,160	11,33,509	1,17,484
	7,56,160	**11,33,509**	**1,17,484**

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Note 7
Property, plant and equipment

A. Reconciliation of carrying amount

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

PARTICULARS	Leasehold Improvement	Office equipment	Computers	Furniture and fixtures	Total
Cost as at 1 April 2017	-	-	-	-	-
Additions	22,24,402	7,39,111	1,04,43,784	-	1,34,07,297
Disposals	-	-	-	-	-
Cost as at 31 March 2018	**22,24,402**	**7,39,111**	**1,04,43,784**	-	**1,34,07,297**
Additions	81,02,667	10,41,641	1,40,70,249	39,346	2,32,53,903
Disposals	-	-	-	-	-
Cost as at 31 March 2019 (A)	**1,03,27,069**	**17,80,752**	**2,45,14,033**	**39,346**	**3,66,61,200**
Accumulated depreciation as at 1 April 2017	-	-	-	-	-
Depreciation charged during the year	1,19,056	37,608	12,79,703	-	14,36,367
Disposals	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	**1,19,056**	**37,608**	**12,79,703**	-	**14,36,367**
Depreciation charged during the year	21,12,137	2,94,554	77,45,293	5,708	1,01,57,692
Disposals	-	-	-	-	-
Accumulated depreciation as at 31 March 2019 (B)	**22,31,193**	**3,32,162**	**90,24,996**	**5,708**	**1,15,94,059**
Net carrying amount as at 31 March 2019 (A) - (B)	**80,95,876**	**14,48,590**	**1,54,89,037**	**33,638**	**2,50,67,141**
Net carrying amount as at 31 March 2018	**21,05,346**	**7,01,503**	**91,64,081**	-	**1,19,70,930**
Net carrying amount as at 1 April, 2017	-	-	-	-	-

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Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 8
Intangible assets

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

PARTICULARS	Computer Software	Total
Cost as at 1 April 2017	-	-
Additions	1,47,13,358	1,47,13,358
Disposals	-	-
Cost as at 31 March 2018	**1,47,13,358**	**1,47,13,358**
Additions	83,231	83,231
Disposals	-	-
Cost as at 31 March 2019 (A)	**1,47,96,589**	**1,47,96,589**
Accumulated amortisation as at 1 April 2017	-	-
Amortisation recognised for the year	8,15,062	8,15,062
Disposals	-	-
Accumulated amortisation as at 31 March 2018	**8,15,062**	**8,15,062**
Amortisation recognised for the year	49,15,393	49,15,393
Disposals	-	-
Accumulated amortisation as at 31 March 2019 (B)	57,30,455	57,30,455
Net carrying amount as at 31 March 2019 (A)- (B)	**90,66,134**	**90,66,134**
Net carrying amount as at 31 March 2018	**1,38,98,296**	**1,38,98,296**

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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 9			
Other non-financial assets			
Prepaid expenses	3,33,535	3,60,477	-
Advances recoverable in cash or in kind or for value to be received	3,00,37,963	88,36,642	20,213
	3,03,71,498	**91,97,119**	**20,213**

Note 10			
Trade payables			
Dues to Micro, small and medium enterprises	-	-	-
Dues to Others	4,15,55,578	1,02,97,721	1,22,250
	4,15,55,578	**1,02,97,721**	**1,22,250**

Note 11			
Borrowings			
At amortised cost			
Term loans			
Term loans from banks (Refer note (a) below)	30,93,89,966	-	-
Loan from related parties			
Loan from holding Company	3,35,00,00,000	-	-
Total	**3,65,93,89,966**	-	-
Borrowings in India	3,65,93,89,966	-	-
Borrowings outside India	-	-	-
Total	**3,65,93,89,966**	-	-
Secured borrowings	30,93,89,966	-	-
Unsecured borrowings	3,35,00,00,000	-	-
Total	**3,65,93,89,966**	-	-

(a) Term loan from banks (TL):

Redeemable within	As at 31 March 2019
	Rate of interest
	> 9.10% < 9.75%
	Amount
Above 60 Months	3,75,00,000
48-60 Months	2,50,00,000
36-48 Months	2,50,00,000
24-36 Months	5,27,77,764
12-24 Months	9,16,66,672
0-12 Months	7,74,45,530
Total	**30,93,89,966**

Note 12			
Other financial liabilities			
Book overdraft	6,44,742	5,45,33,375	-
Interest accrued but not due on borrowings	14,00,05,488	-	-
Employee benefits payable	1,86,93,404	1,20,00,000	-
Others	6,01,09,555	1,93,81,015	-
	21,94,53,189	**8,59,14,390**	-

Note 13			
Provisions			
Provision for employee benefits:			
- Gratuity	17,22,760	3,65,322	-
- Leave encashment	25,09,396	7,84,804	-
	42,32,156	**11,50,126**	-

Note 14			
Non-financial liabilities			
Statutory dues payable	2,08,98,030	31,02,272	10,600
	2,08,98,030	**31,02,272**	**10,600**

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Note 15
Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised capital						
Equity shares of ₹10/- each	20,00,00,000	2,00,00,00,000	7,00,00,000	70,00,00,000	1,05,00,000	10,50,00,000
Issued, subscribed and fully paid up						
Equity shares of Rs. 10/- each fully paid up	20,00,00,000	2,00,00,00,000	1,50,00,000	15,00,00,000	1,00,00,000	10,00,00,000
Equity shares of Rs. 10/ - each, partly paid Rs. 9 each	-	-	5,00,00,000	45,00,00,000	-	-
Total	**20,00,00,000**	**2,00,00,00,000**	**6,50,00,000**	**60,00,00,000**	**1,00,00,000**	**10,00,00,000**

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

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	6,50,00,000	60,00,00,000	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Add: Issued during the year (fully paid Rs. 10 each)	13,50,00,000	1,35,00,00,000	50,00,000	5,00,00,000	-	-
Add: Issued during the year (partly paid Rs. 9 each)	-	-	5,00,00,000	45,00,00,000	-	-
Add: Receipt of final call money during the year on partly paid up shares	-	5,00,00,000	-	-	-	-
Shares outstanding at the end of the year	**20,00,00,000**	**2,00,00,00,000**	**6,50,00,000**	**60,00,00,000**	**1,00,00,000**	**10,00,00,000**

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital Finance Limited	Holding Company	20,00,00,000	100%	6,50,00,000	100%	1,00,00,000	100%

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

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Note 15
Equity share capital

d. **Particulars of shareholders holding more than 5% of shares held**

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
IndoStar Capital Finance Limited	Holding Company	20,00,00,000	100%	6,50,00,000	100%	1,00,00,000	100%

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

e. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

f. **Objective for managing capital**

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

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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 16			
Other equity			
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	8,52,652
Capital contribution from holding Company	72,29,315	-	-
Retained earnings	(29,14,93,875)	(10,08,40,488)	44,70,616
	(28,34,11,908)	**(9,99,87,836)**	**53,23,268**
16.1 Other equity movement			
Statutory reserves u/s 29C of the National Housing Bank Act, 1987			
Opening Balance	8,52,652	8,52,652	-
Add : Transferred from surplus	-	-	8,52,652
Closing Balance	**8,52,652**	**8,52,652**	**8,52,652**
Capital contribution from holding Company			
Opening Balance	-	-	-
Movement during the year	72,29,315	-	-
Closing Balance	**72,29,315**	-	-
Retained earnings			
Opening Balance	(10,08,40,488)	44,70,616	10,60,007
Add: Transferred from the statement of profit and los	(19,06,63,301)	(10,53,11,104)	42,63,261
Less: 'Transfer to statutory reserve as per Section 29C of the National Housing Bank Act, 1987	-	-	(8,52,652)
Add: Remeasurement of defined benefit obligations	9,914	-	-
Closing Balance	(29,14,93,875)	(10,08,40,488)	**44,70,616**

16.2 Nature and purpose of reserves

Statutory reserves u/s 29C of the National Housing Bank Act, 1987
Statutory reserves fund is required to be created by housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Capital contribution from holding Company
Capital contribution reserve represents the proportionate amount of fair value of options charged to the Company on account of issuance of employee stock options to the employees of the Company by its Parent Company (i.e. Indostar Capital Finance Limited) on its own shares..

Retained earnings
Retained earnings represents surplus/(deficit) of accumulated earnings of the Company.

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Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 17		
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	37,34,99,199	76,88,913
Interest on deposits		
- Deposits with banks	25,56,711	66,35,630
	37,60,55,910	**1,43,24,543**
Fees and commission income		
- Fees	1,89,87,649	8,271
	1,89,87,649	**8,271**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	65,00,328	-
Total fair value changes	**65,00,328**	**-**
Fair value changes:		
- Realised	65,00,328	-
Total fair value changes	**65,00,328**	**-**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	2,41,67,091	-
	2,41,67,091	**-**
Total	**42,57,10,978**	**1,43,32,814**

Note 18		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	1,08,17,344	-
Other borrowings (including Inter Corporate Deposits)	19,78,90,419	-
Interest expense on debt securities		
Commercial paper	1,01,94,751	-
Other interest expense		
Bank charges & other related costs	19,35,046	23,898
	22,08,37,560	**23,898**

Note 19		
Impairment on financial instruments		
Impairment on loans measured at amortised cost		
Provision for expected credit loss	1,42,24,513	12,79,501
Impairment on others		
Others	1,50,000	-
	1,43,74,513	**12,79,501**

Note 20		
Employee Benefits Expenses		
Salaries, other allowances and bonus	24,39,54,396	8,55,92,543
Gratuity expenses	13,67,352	3,65,322
Leave encashment	23,94,874	7,97,962
Contribution to provident and other funds	69,98,417	16,10,769
Staff welfare expenses	12,73,211	4,55,225
Share based payment expense	72,29,315	-
Employee shared service costs	49,44,430	26,41,281
	26,81,61,995	**9,14,63,102**

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Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 21		
Depreciation and amortization expenses		
Depreciation of property, plant and equipment	1,01,57,692	14,36,367
Amortisation of intangible assets	49,15,393	8,15,062
	1,50,73,085	22,51,429

Note 22		
Other Expenses		
Rent	57,05,417	13,56,628
Rates & taxes	4,25,928	60,80,917
Printing and stationery	28,28,401	8,90,346
Travelling & conveyance	1,35,11,311	55,46,772
Advertisement	1,53,145	-
Commission & brokerage	2,28,17,218	3,05,246
Office expenses	69,80,912	18,29,425
Communication expenses	23,10,430	3,23,758
Payment to auditors (note below)	15,06,005	1,58,997
Legal & professional charges	1,21,37,624	42,67,543
Other shared service costs	2,95,50,735	38,66,356
	9,79,27,126	2,46,25,988
Payment to auditor includes:		
a) as statutory auditors	8,72,000	1,58,997
b) as tax auditors	1,36,250	-
c) for certification related matters	2,45,250	-
d) for other services	2,52,505	
Total	15,06,005	1,58,997

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Note 23
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
i. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS	(19,06,63,301)	(10,53,11,104)
ii. Weighted average number of equity shares for calculating Basic EPS (B)	9,27,87,672	2,03,83,561
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	9,27,87,672	2,03,83,561
iii. Basic earnings per share (₹)	(2.05)	(5.17)
iv. Diluted earnings per share (₹)	(2.05)	(5.17)

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Note 24
Financial instruments – Fair

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.

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Note 24

Financial instruments – Fair values and Risk management (continued)

Financial risk management

The Company has exposure to the following risks from financial instruments:
(a) credit risk;
(b) liquidity risk;
(c) market risks; and
(d) operational risk.

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

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

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

(A) Credit risk

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

Management of credit risk

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

Write off policy

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss.

Credit quality analysis

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

ECL on loans and advances

ECL is computed for home loan portfolio of the Company

Staging criteria

Following staging criteria is used for loans:
(i) standard and 0 - 30 as stage 1;
(ii) 31- 90 as Stage II; and
(iii) outstanding > 90 DPD as stage III.

Probability of Default (PD%)

In the case of Housing Finance, the 12 month PD% is computed on the basis of available CRISIL CDRs for long-term rating.

Loss Given Default (LGD%)

LGD has been applied on the basis of past observable trend of recoveries from the defaulted assets.
The following factors have been considered for computation of LGD:
(i) Time to recovery - Time taken to recover the dues
(ii) Amount recovered - Amount recovered against total dues (including interest accrued thereon along with any charges due)

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Note 24

Financial instruments – Fair values and Risk management (continued)

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

Particulars	31 March 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	5,27,60,17,389	1,29,40,811	71,41,967	5,29,61,00,167
Total	5,27,60,17,389	1,29,40,811	71,41,967	5,29,61,00,167

Particulars	31 March 2018			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	51,05,28,875	-	-	51,05,28,875
Total	51,05,28,875	-	-	51,05,28,875

Particulars	1 April 2017			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	-	-	-	-
Total	-	-	-	-

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances and investment debt securities is, as follows:

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	51,05,28,875	-	-	51,05,28,875	-	-	-	-
New assets originated or purchased	5,33,80,00,000		-	5,33,80,00,000	52,27,50,000	-	-	52,27,50,000
Assets derecognised or repaid (excluding write offs)	(55,24,28,695)	-	-	(55,24,28,695)	(1,22,21,125)	-	-	(1,22,21,125)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(1,29,40,811)	1,29,40,811	-	-	-	-	-	-
Transfers to stage 3	(71,41,967)	-	71,41,967	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	5,27,60,17,402	1,29,40,811	71,41,967	5,29,61,00,180	51,05,28,875	-	-	51,05,28,875

Reconciliation of ECL balance is given below:

Particulars	2018-19				2017-18			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	12,79,501	-	-	12,79,501	-	-	-	-
New assets originated or purchased	1,33,45,000	-	-	1,33,45,000	13,10,130	-	-	13,10,130
Assets derecognised or repaid (excluding write offs)	(14,26,714)	-	-	(14,26,714)	(30,629)	-	-	(30,629)
Changes to models and inputs used for ECL calculations	(3,179)	-	-	(3,179)	-	-	-	
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(32,352)	32,352	-	-	-	-	-	-
Transfers to stage 3	(17,855)	-	17,855	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	45,757	22,63,649	23,09,406	-	-	-	
ECL allowance - closing balance	1,31,44,401	78,109	22,81,504	1,55,04,014	12,79,501	-	-	12,79,501

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Note 24
Financial instruments – Fair values and Risk management (continued)

(B) Liquidity risk

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

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

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

As on 31 March 2019

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	4,15,55,578	-	-	-	4,15,55,578
Borrowings (other than debt securities)	10,75,65,783	33,30,72,433	4,79,28,28,572	4,10,36,054	5,27,45,02,842
Other financial liabilities	7,94,47,701	-	-	-	7,94,47,701
Total	22,85,69,062	33,30,72,433	4,79,28,28,572	4,10,36,054	5,39,55,06,121

As on 31 March 2018

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,02,97,721	-	-	-	1,02,97,721
Other financial liabilities	8,59,14,390	-	-	-	8,59,14,390
Total	9,62,12,111	-	-	-	9,62,12,111

As on 1 April 2017

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,22,250	-	-	-	1,22,250
Total	1,22,250	-	-	-	1,22,250

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Note 24

Financial instruments – Fair values and risk management (continued)

(C) Market risk

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

(a) Interest rate risk

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

(D) Operational and business risk

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

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Notes to the financial statements for the year ended 31 March 2019
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Note 24
Financial instruments – Fair values and risk management (continued)

Capital Disclosure
The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, National Housing Board(NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

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.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
CET1 capital ratio	57.9%	209.0%	367146.3%
Tier 2 capital ratio	0.4%	0.6%	0.0%
Total capital ratio	**58.3%**	**209.6%**	**367146.3%**

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Note 25
Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. Holding Company
IndoStar Capital Finance Limited

II. Fellow Subsidiary
IndoStar Asset Advisory Private Limited

Names of other related parties:
Key Managerial Personnel
Shreejit Menon -Whole Time Director
Prabhat Tripathy -Whole Time Director (till 31 December 2018)

b) Transactions with key management personnel :

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1) Short-term employee benefits	2,11,40,000	7,09,361
2) Reimbursement of expenses	2,24,712	19,029

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

c) Transactions other than those with key management personnel :

Particulars		Holding Company
1) Reimbursement of expenses	2019	4,24,25,860
	2018	59,70,308
2) Advances taken	2019	-
	2018	8,55,034
3) Infusion of share capital	2019	1,40,00,00,000
	2018	50,00,00,000
3) Interest on loan from holding Company	2019	19,78,90,419
	2018	-
4) Loan taken from holding Company (net)	2019	3,35,00,00,000
	2018	-

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

Particulars		Holding Company	Key Management Personnel
1) Investment in share capital	2019	2,00,72,29,315	-
(including securities premium)	2018	60,00,00,000	-
	2017	10,00,00,000	-
2) Reimbursement of expenses	2019	3,68,54,004	
	2018	69,25,557	6,790
	2017	-	-
3) Advances taken	2019	-	-
	2018	8,55,034	-
	2017	-	-
4) Loan from holding Company	2019	3,49,00,05,488	-
(including accrued interest)	2018	-	-
	2017	-	-

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Note 26

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of Services or service		
Fees	1,89,87,649	8,271
Total revenue from contracts with customers	**1,89,87,649**	**8,271**
Geographical markets		
India	1,89,87,649	8,271
Outside India	-	-
Total revenue from contracts with customers	**1,89,87,649**	**8,271**
Timing of revenue recognition		
Services transferred at a point in time	1,89,87,649	8,271
Services transferred over time	-	-
Total revenue from contracts with customers	**1,89,87,649**	**8,271**

Note 27

Contingent liabilities and Commitments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account	-	52,60,000	-
Loans sanctioned not yet disbursed	34,57,34,401	3,56,04,917	-

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

Note 28

Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 57,05,417 (March 2018: Rs.13,56,628). The non-cancellable operating lease agreements are for a period of 11 months to 36 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Minimum Lease Payments:			
Not later than one year	48,85,677	34,37,357	-
Later than one year but not later than five years	1,61,00,919	35,86,035	-
Later than five years	1,12,91,515	-	-

Note 29

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

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

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

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Note 30
Gratuity and other post-employment benefit plans:

The Company has an funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. Amount recognised in the balance sheet			
Present value of the obligation as at the end of the year	17,22,760	3,65,322	-
Fair value of plan assets as at the end of the year	-	-	-
Net asset / (liability) to be recognized in the balance sheet	**17,22,760**	**3,65,322**	**-**

B. Change in projected benefit obligation	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Projected benefit of obligation at the beginning of the year	3,65,322	-	-
Current service cost	13,40,012	3,65,322	-
Interest cost	27,340	-	-
Actuarial (gain) / loss on obligation	(9,914)	-	-
Projected benefit obligation at the end of the year	**17,22,760**	**3,65,322**	**-**

C. Change in plan assets			
Fair value of plan assets at the beginning of the year	-	-	
Fair value of plan assets at the end of the year	-	-	-

D. Amount recognised in the statement of profit and loss		
Current service cost	13,40,012	3,65,322
Net interest cost	27,340	-
Expenses recognised in the statement of profit and loss	**13,67,352**	**3,65,322**

E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(19,160)	-
- experience variation	9,246	-
Expenses recognised in other comprehensive income	**(9,914)**	**-**

F. Assumptions used	As at 31 March 2019	As at 31 March 2018
Discount rate	7.60%	7.50%
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 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	16,31,435	18,21,767	3,44,171	3,88,279
Salary growth rate (0.5% movement)	18,18,141	16,30,213	3,86,598	3,44,248
Withdrawal rate (10% movement)	16,80,584	17,63,872	3,53,959	3,76,855

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is Rs. 5,696.
3. The average outstanding term of the obligations as at valuation date is 9.79 years.

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Note 31 - Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format or order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS										
Financial assets										
Cash and cash equivalents	3	31,43,36,786	-	31,43,36,786	5,36,29,319	-	5,36,29,319	10,53,18,421	-	10,53,18,421
Loans	4	16,82,47,583	5,11,23,48,583	5,28,05,96,166	1,63,67,739	49,28,81,635	50,92,49,374	-	-	-
Other financial assets	5	-	19,23,126	19,23,126	-	13,98,126	13,98,126	-	-	-
Non-financial assets										
Current tax assets (net)	6	-	7,56,160	7,56,160	-	11,33,509	11,33,509	-	1,17,484	1,17,484
Property, plant and equipment	7	-	2,50,67,141	2,50,67,141	-	1,19,70,930	1,19,70,930	-	-	-
Intangible assets	8	-	90,66,134	90,66,134	-	1,38,98,296	1,38,98,296	-	-	-
Other non-financial assets	9	64,14,969	2,39,56,529	3,03,71,498	91,97,119	-	91,97,119	20,213	-	20,213
TOTAL ASSETS		48,89,99,338	5,17,31,17,673	5,66,21,17,011	7,91,94,177	52,12,82,496	60,04,76,673	10,53,38,634	1,17,484	10,54,56,118

Particulars	Note	As on 31 March 2019			As on 31 March 2018			As on 1 April 2017		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES										
Financial liabilities										
Trade payables	10	4,15,55,578	-	4,15,55,578	1,02,97,721	-	1,02,97,721	1,22,250	-	1,22,250
Borrowings (other than debt securities)	11	7,90,22,005	3,58,03,67,961	3,65,93,89,966	-	-	-	-	-	-
Other financial liabilities	12	21,94,53,189	-	21,94,53,189	8,59,14,390	-	8,59,14,390	-	-	-
Non-financial liabilities										
Provisions	13	2,48,202	39,83,954	42,32,156	79,076	10,71,050	11,50,126	-	-	-
Other non-financial liabilities	14	2,08,98,030	-	2,08,98,030	31,02,272	-	31,02,272	10,600	-	10,600
TOTAL LIABILITIES		36,11,77,004	3,58,43,51,915	3,94,55,28,919	9,93,93,459	10,71,050	10,04,64,509	1,32,850	-	1,32,850

Note 32 - Changes in financing liabilities

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

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Note 33
Explanation of transition to Ind AS:

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

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

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

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

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

A. Optional exemptions availed

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

B. Mandatory Exceptions

1. Estimates
On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:
- Determination of the discounted value for financial instruments carried are amortised cost.
- Impairment of financial assets based on the expected credit loss model.

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

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

Particulars	As on 31 March 2018	As on 1 April 2017
Net worth under previous GAAP	50,40,97,833	10,53,23,268
Summary of Ind AS adjustments		
Effective interest rate adjustment on loans and advances	(40,85,669)	-
Total Ind AS adjustments	(40,85,669)	-
Net worth under Ind AS	50,00,12,164	10,53,23,268

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Note 33
Explanation of transition to Ind AS:

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

Particulars	For the year ended 31 March 2018
Profits as per previous GAAP	(10,12,25,435)
Summary of Ind AS adjustments	
In the statement of profit and loss:	
Effective interest rate adjustment on loans and advances	(40,85,669)
Total Ind AS adjustments	**(40,85,669)**
Total comprehensive income as per Ind AS	**(10,53,11,104)**

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Note 34 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

I. Capital

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) CRAR (%)	58.3%	209.6%	367146.3%
(ii) CRAR – Tier I Capital (%)	57.9%	209.0%	367146.3%
(iii) CRAR – Tier II Capital (%)	0.4%	0.6%	0.0%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-	-

II. Reserve Fund u/s 29C of NHB Act, 1987

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balance at the beginning of the year			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	-
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-	-
c) Total	8,52,652	8,52,652	-
Addition / Appropriation / Withdrawal during the year			
Add:			
a) Amount transferred u/s 29C of the NHB Act, 1987	-	-	8,52,652
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-	-
Less:			
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-	-
Balance at the end of the year			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	8,52,652
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-	-
c) Total	8,52,652	8,52,652	8,52,652

III. Investments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
1. Value of Investments			
(i) Gross value of Investments			
(a) In India	-	-	-
(b) Outside India	-	-	-
(ii) Provisions for Depreciation			
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of Investments			
(a) In India	-	-	-
(b) Outside India	-	-	-
2. Movement of provisions held towards depreciation on investments			
(i) Opening balance	-	-	-
(ii) Add: Provisions made during the year	-	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-	-
(iv) Closing balance	-	-	-

IV. Derivatives

1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) The notional principal of swap agreements	-	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-	-
(iii) Collateral required by the HFC upon entering into swaps	-	-	-
(iv) Concentration of credit risk arising from the swaps	-	-	-
(v) The fair value of the swap book	-	-	-

2. Exchange Traded Interest Rate (IR) Derivative

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2018	-	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-	-

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Note 34 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

3. Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure HFCs shall describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include: a) the structure and organization for management of risk in derivatives trading,	-	-	-
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	-	-	-
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and	-	-	-
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	-	-	-

Quantitative Disclosure

Particulars	As at March 31, 2019	
	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-
(ii) Marked to Market Positions		
(a) Assets (+)	-	-
(b) Liability (-)	-	-
(iii) Credit Exposure	-	-
(iv) Unhedged Exposures	-	-

V. Securitisation

1. Details of Securitisation

Particulars	As at March 31, 2019
1. No of SPVs sponsored by the HFC for securitisation transactions	-
2. Total amount of securitised assets as per books of the SPVs sponsored	-
3. Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	
(I) Off-balance sheet exposures towards Credit Enhancements	-
(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	-
b) Exposure to third party securitisations	-

2. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) No. of accounts	-	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-	-
(iii) Aggregate consideration	-	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-

3. Details of Assignment transactions undertaken by HFCs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) No. of accounts	585	-	-
(ii) Aggregate value (net of provisions) of accounts assigned	23,85,28,981	-	-
(iii) Aggregate consideration	23,85,28,981	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-

4. Details of non-performing financial assets purchased / sold

HFCs which purchase non-performing financial assets from other HFCs shall be required to make the following disclosures in the NTA to their Balance sheets: NA

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
A. Details of non-performing financial assets purchased:			
(a) Number of accounts purchased during the year	-	-	
(b) Aggregate outstanding	-	-	
(a) Of these, number of accounts restructured during the year	-	-	
(b) Aggregate outstanding	-	-	
B. Details of Non-performing Financial Assets sold:			
1. No. of accounts sold	-	-	
2. Aggregate outstanding	-	-	-
3. Aggregate consideration received	-	-	-

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Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

VI. Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits		-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	55,55,556	55,55,556	55,55,556	1,66,66,668	4,56,88,669	14,38,65,769	4,94,21,333	3,70,80,858	-	-	30,93,89,965
Market Borrowing	-	-	-	-	-	-	3,35,00,00,000	-	-	-	3,35,00,00,000
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	5,04,48,927	1,09,08,175	93,66,915	3,04,08,062	6,71,15,504	31,15,75,540	39,40,09,874	47,96,19,906	85,78,32,102	3,06,93,11,161	5,28,05,96,166
Investments	-	-	-	-	-	-	-	-	-	-	-

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

Cash & Cash Equivalents (refer note 3)	31,43,36,786
Undrawn funding lines	60,00,00,000
Total	**91,43,36,786**

IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

VII. Exposure

1. Exposure to Real Estate Sector

Category	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
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 lakh may be shown separately)	5,25,27,84,807	50,62,88,927	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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;	2,50,57,855	55,59,361	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a) Residential	-	-	-
b) Commercial Real Estate	-	-	-
c) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-	-

2. Exposure to Capital Market

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) 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:	-	-	-
(ii) 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;	-	-	-
(iii) 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;	-	-	-
(iv) 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;	-	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi) 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;	-	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
Total Exposure to Capital Market	-	-	-

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

IndoStar Home Finance Private Limited

3. Details of financing of parent Company products: None

4. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:
The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financials year/period.

5. Unsecured Advances : None

VIII. Miscellaneous

1. Registration obtained from other financial sector regulators : None

2. Disclosure of Penalties imposed by NHB and other regulators : None

3. Related party Transactions : Refer Note 17

4. Rating assigned by Credit Rating Agencies and migration of rating during the year:

Instrument	Credit Rating Agency	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Commercial Paper	CARE	A1+	A1+	-
Term Loans/NCD's	ICRA	A1+	A1+	-
	India Ratings and Research Private Limited	AA-	-	-

5. Remuneration of Directors : None

IX. Additional Disclosures

1. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
1. Provisions for depreciation on Investment	-	-	-
2. Provision made towards Income tax	-	-	19,06,437
3. Provision towards NPA	22,81,504	-	-
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	1,32,22,510	12,79,501	-
5. Other Provision and Contingencies (with details)	-	-	-

(Amount in Rupees)

	Housing		Non-Housing	
Break up of Loan & Advances and Provisions thereon	**As at March 31, 2019**	**As at March 31, 2018**	**As at March 31, 2019**	**As at March 31, 2018**
Standard Assets				
a) Total Outstanding Amount	5,28,89,58,213	51,05,28,875	-	-
b) Provisions made	1,32,22,510	12,79,501	-	-
Sub-Standard Assets				
a) Total Outstanding Amount	71,41,967	-	-	-
b) Provisions made	22,81,504	-	-	-
Doubtful Assets – Category-I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	5,29,61,00,180	51,05,28,875	-	-
b) Provisions made	1,55,04,014	12,79,501	-	-

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Indostar Home Finance Private Limited

2. Draw Down from Reserves : None

3. Concentration of Public Deposits, Advances, Exposures and NPAs

3a. Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Deposits of twenty largest depositors	-	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-	-

3b. Concentration of Loans & Advances

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Loans & Advances to twenty largest borrowers	29,18,34,061	6,73,18,516	-
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	5.53%	13.15%	-

3c. Concentration of all Exposure (including off-balance sheet exposure)

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Exposure to twenty largest borrowers / customers	32,38,04,034	6,78,12,359	-
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	5.76%	12.37%	-

3d. Concentration of NPAs

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Exposure to top ten NPA accounts	71,41,967	-	-

3e. Sector-wise NPAs

(Amount in Rupees)

Sector	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
	Percentage of NPAs to Total Advances in that sector		
A. Housing Loans:			
1. Individuals	0.13%		
2. Builders/Project Loans	-	-	-
3. Corporates	-	-	-
4. Others	-	-	-
B. Non-Housing Loans:			
1. Individuals	-	-	-
2. Builders/Project Loans	-	-	-
3. Corporates	-	-	-
4. Others	-	-	-

4. Movement of NPAs

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(I) Net NPAs to Net Advances (%)	0.09%	-	-
(II) Movement of NPAs (Gross)			
a) Opening balance	-	-	-
b) Additions during the year	71,41,967	-	-
c) Reductions during the year	-	-	-
d) Closing balance	71,41,967	-	-
(III) Movement of Net NPAs			
a) Opening balance	-	-	-
b) Additions during the year	48,60,463	-	-
c) Reductions during the year	-	-	-
d) Closing balance	48,60,463	-	-
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)			
a) Opening balance	-	-	-
b) Provisions made during the year	22,81,504	-	-
c) Write-off/write-back of excess provisions	-	-	-
d) Closing balance	22,81,504	-	-

5. Overseas Assets : None

6. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) : None

X. Customers Complaints

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) No. of complaints pending at the beginning of the year	-	-	-
b) No. of complaints received during the year	43	3	-
c) No. of complaints redressed during the year	41	3	-
d) No. of complaints pending at the end of the year	2	-	-

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 20 May 2019

For and on behalf of the Board of Directors of
IndoStar Home Finance Private Limited

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

IndoStar Home Finance Private Limited