

# M Siroya and Company

## Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel. +91 22 28706523/24; 28546523(D); Cel. +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

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

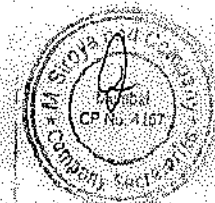
We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndoStar Capital Finance Limited (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2021. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to relevant and applicable provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

Page 1 of 7



## M Siroya and Company

### Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel.: +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

- b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
  - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;
  - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
  - h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:
- a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;
  - b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
  - c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
  - d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
  - e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
  - f. Master Direction - Information Technology Framework for the NBFC Sector;
  - g. Master Direction on Money Market Instruments, Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year);
  - h. Master Direction - Know Your Customer (KYC) Direction, 2016;
  - i. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and
  - j. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as applicable;



## M Siroya and Company

### Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivall (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel. +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Circulars, Notifications, Directions, Guidelines, Standards, etc. mentioned above, subject to the observation that the remuneration paid/provided by the Company to Mr. Shailesh Shirali during the tenure of his appointment in the financial year ended March 31, 2021 is in excess of the limits provided under Section 197 of the Act read with Schedule V of the Act by INR 44.73 Lakhs. The Company has informed us that it proposes to seek approval of the Members of the Company by way of special resolution in the ensuing Annual General Meeting.

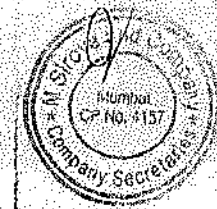
Other Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Stamps Acts and Registration Acts of respective states;
3. Acts as prescribed under Direct Tax and Indirect Tax;
4. Land Revenue laws of respective states;
5. Labour Welfare Acts of respective states;
6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
7. Such other Local laws as applicable to the Company and its offices/ branches.

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

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

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



## M Siroya and Company

### Company Secretaries

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel.: +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

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

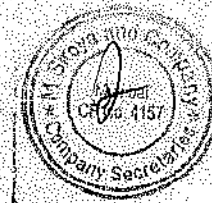
We further report that during the audit period the Company has undertaken following event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, acts, rules, regulations, circulars, notifications, directions, guidelines, standards:

- i. The Board of Directors vide their circular resolution dated May 27, 2020 allotted the following securities on a preferential and private placement basis, for cash consideration to the BCP V Multiple Holdings Pte. Ltd. ("Brookfield"), after receiving requisite approval from Reserve Bank of India, other regulatory authority and stakeholder inter-alia for change in shareholding/ control /management:
  - a) 3,01,72,414 equity shares of the face value of INR 10 each at a price of INR 290 per equity share aggregating to approximately INR 875 Crore; and;
  - b) 1,20,68,966 compulsorily convertible preference shares having face value of INR 10 each ("Preference Share"), at a price of INR 290 per Preference Share, aggregating to approximately INR 350 Crore, wherein each Preference Share carries a dividend of 10% (ten percent) per annum (calculated on issue price), net of any taxes, payable on a yearly basis and will be converted to 1 equity share per Preference Share within 18 months from the date of issuance.

The Company received final listing and trading approvals from NSE and BSE for the abovementioned equity shares, vide their respective letters dated June 2, 2020.

Subsequently, Brookfield made an open offer to the public shareholders of the Company in compliance with requirements of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, which opened on June 16, 2020 and closed on June 29, 2020, pursuant to which Brookfield acquired 2,92,41,258 equity shares on July 8, 2020. Further in terms of a Share Purchase Agreement dated January 31, 2020 ("SPA") executed between Brookfield and Indostar Capital ("ICM"), Brookfield further acquired 50,00,000 equity shares of the Company on July 9, 2020 from ICM (by way of transfer of shares). In view of aforesaid acquisition and in terms of the SPA, the shareholders' agreement ("SHA") and share subscription agreement ("SSA") both SHA and SSA dated January 31, 2020 executed among the Company, Brookfield and ICM, Brookfield became a promoter of the Company in accordance with applicable law, with effect from July 9, 2020 and ICM continues to be the Promoter of the Company.

- ii. On July 10, 2020, the Board of Directors at their meeting, inter-alia, approved re-constitution of the Board of the Company;



## **M Siroya and Company**

### **Company Secretaries**

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel.: +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

- iii. Members at their annual general meeting held on September 24, 2020 ("AGM"), inter-alia, approved the following(s):
- Appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 11<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 16<sup>th</sup> Annual General Meeting of the Company and to fix their remuneration;
  - Appointment of Mr. Aditya Joshi, Mr. Sridhar Rengan and Mr. Vibhor Kumar Tatreja as Non-Executive Non-Independent Directors of the Company;
  - Issue of Non-Convertible Debentures under Private Placement during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the AGM, for aggregate principal amount not exceeding INR 10,000 crore;
  - Payment of Commission to Non-Executive Independent Directors of the Company for a period of five years commencing from financial year 2020-21;
  - Policy on loan to employees of the Company and its subsidiaries;
  - Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company, for financial year 2019-20;
  - Waiver of recovery of excess managerial remuneration paid to Mr. Shaifesh Shirali, Former Whole-Time Director of the Company, for financial year 2019-20;
  - Revised contract executed with Mr. R. Sridhar, Whole-Time Director of the Company;
  - Amendment of IndoStar ESOP Plan 2012, IndoStar ESOP Plan 2016, IndoStar ESOP Plan 2016-II, IndoStar ESOP Plan 2017 and IndoStar ESOP Plan 2018 [collectively referred to as IndoStar ESOP Plan(s)];
  - Amended Indostar ESOP Plan (s) - Grant of Options to the Eligible Employees of Subsidiary Companies / Holding Company; and
  - Adoption of restated Articles of Association of the Company.
- iv. The Board of Directors at their meeting held on October 7, 2020 inter-alia increased the limits of investment/divestment of funds of the Company to an amount not exceeding INR 4,000 crore at any point of time;
- v. During the period under review, the Company allotted 11,07,000 equity shares of face value of INR 10/- each fully paid up, on exercise of employees stock options, in accordance with the IndoStar Employee Stock Option Plan(s).
- vi. During the period under review, the Company allotted 5,500 Non-Convertible Debentures on Private Placement basis aggregating to INR 550 crore which were listed on the wholesale debt segment of the BSE Limited.
- vii. During the period under review, the Company redeemed / bought back 4,750 Non-Convertible Debentures of face value of INR 10 Lakh each, aggregating to INR 475 Crore





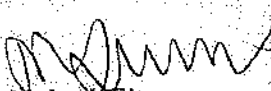
## **M Siroya and Company**

### **Company Secretaries**

A-103, Samved Building (Madhukuni), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel.: +91 9324310151; E-mail: [siroyam@gmail.com](mailto:siroyam@gmail.com); [www.msiroya.com](http://www.msiroya.com)

and 310 Non-Convertible Debentures of face value of INR 1 Crore each, aggregating to INR 310 crore.

For M Siroya and Company  
Company Secretaries

  
Mukesh Siroya  
Proprietor

FCS No.: 5682; CP No.: 4157  
UDIN: F005682C000479760



Place: Mumbai  
Date: 17.06.2021

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## **M Siroya and Company**

### **Company Secretaries**

A-103, Samved Building (Madhukunj), Near Ekta Bhoomi Gardens, Rajendra Nagar, Borivali (E), Mumbai - 400 066  
Tel.: +91 22 28706523/24; 28546523(D); Cel.: +91 9324310151; E-mail: siroyam@gmail.com; [www.msiroya.com](http://www.msiroya.com)

'Annexure A'

To,  
The Members,  
IndoStar Capital Finance Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. In view of the ongoing restrictions/advisories issued by the Government of India/Maharashtra to contain the spread of Covid-19 pandemic on the movement of people, we have relied on electronic data for verification of the Company books, papers, minute books, forms, returns filed and other records maintained by the Company.

For M Siroya and Company  
Company Secretaries

Mukesh Siroya

Proprietor

FCS No.: 5682; CP No.: 4157

UDIN: F005682C000479760

Place: Mumbai

Date: 17.06.2021

