

INDEPENDENT AUDITOR'S REPORT

To the Members of IndoStar Capital Finance Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by 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, 2018, its profit, and its cash flows for the year ended on that date.


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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Jayesh Gandhi**

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

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 Capital Finance Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act 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) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to sales-tax, duty of custom, duty of excise, 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 provident fund, employees’ state insurance, income-tax, service tax, goods and service tax, cess and other material 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, service tax, goods and service tax, customs duty, and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government
- (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 debentures, 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 report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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 177 and 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.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (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 Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INDOSTAR CAPITAL FINANCE LIMITED

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 Capital Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 standalone 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 standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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 standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, 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



per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

INDOSTAR CAPITAL FINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2018

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
		Audited	Audited
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	78,67,92,590	78,36,17,990
(b) Reserves and surplus	4	20,67,31,39,456	18,22,05,37,844
		21,45,99,32,046	19,00,41,55,834
(2) Non-current liabilities			
(a) Long-term borrowings	5	19,91,97,18,704	19,10,61,20,313
(b) Other Long term liabilities	6	3,22,20,665	7,23,70,201
(c) Long-term provisions	7	32,81,80,204	26,94,81,205
		20,28,01,19,573	19,44,79,71,719
(3) Current liabilities			
(a) Short-term borrowings	8	18,63,05,78,095	7,86,55,05,788
(b) Trade payables			
(i) Dues to Micro, Small and Medium enterprises	28	-	-
(ii) Others		8,97,05,707	4,22,68,246
(c) Other current liabilities	6	12,35,38,22,774	8,33,62,84,653
(d) Short-term provisions	7	14,52,86,509	15,74,59,179
		31,21,93,93,085	16,40,15,17,866
Total		72,95,94,44,704	54,85,36,45,419
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Property, Plant and Equipment		50,23,84,215	6,91,67,569
(ii) Intangible assets		3,01,90,962	1,87,92,388
(iii) Capital work in progress		8,30,13,306	-
(b) Non-current investments	10	1,69,86,81,862	73,04,11,205
(c) Deferred tax assets (net)	11	16,49,44,089	16,36,54,547
(d) Long-term loans and advances	12	48,57,35,21,524	39,31,78,62,734
		51,05,27,35,958	40,29,98,88,443
(2) Current assets			
(a) Cash and bank balances	14	1,22,45,19,796	54,42,34,974
(b) Current investments	15	8,79,23,51,218	1,23,93,71,782
(c) Short-term loans and advances	12	11,30,87,37,144	12,26,23,54,541
(d) Other current assets	13	58,11,00,588	50,77,95,679
		21,90,67,08,746	14,55,37,56,976
Total		72,95,94,44,704	54,85,36,45,419

Significant Accounting Policies

2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S R Batliboi & Co LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants



per Jayesh Gandhi

Partner

Membership No. 037924



For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited



R. Sridhar

Executive Vice-Chairman & CEO

DIN: 00136697



Dhanpal Jhaveri

Chairman

DIN: 02018124



Pankaj Thapar

Chief Financial Officer



Sitendra Bhati

Company Secretary

Place: Mumbai

Date: May 30, 2018



Place: Mumbai

Date: May 30, 2018



INDOSTAR CAPITAL FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rupees)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
		Audited	Audited
Income			
Revenue from operations	16	8,18,54,11,628	7,14,92,76,322
Other income	17	11,92,85,850	61,43,486
Total		8,30,46,97,478	7,15,54,19,808
Expenditure			
Employee benefit expenses	18	72,30,57,491	47,78,86,682
Finance cost	19	3,24,42,86,270	3,11,84,94,881
Depreciation and amortisation	9	4,47,71,565	1,87,43,305
Other expenses	20	59,57,04,284	21,27,64,090
Provisions and write off	21	8,78,88,853	12,32,80,817
Total		4,69,57,08,463	3,95,11,69,775
Profit before taxation		3,60,89,89,015	3,20,42,50,033
Provision for taxation			
Current tax		1,25,45,02,245	1,17,45,02,169
Deferred tax		(12,89,542)	(6,06,30,277)
Total tax expense		1,25,32,12,703	1,11,38,71,892
Net profit after taxes		2,35,57,76,312	2,09,03,78,141
Earnings per share	22		
Basic (Rs.)		29.95	28.45
Diluted (Rs.)		27.03	26.09
Nominal value of equity share (Rs.)		10	10

Significant Accounting Policies

2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S R Batliboi & Co LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants



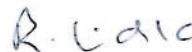
per Jayesh Gandhi

Partner

Membership No. 037924



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



R. Sridhar

Executive Vice-Chairman & CEO

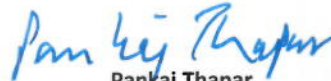
DIN: 00136697



Dhanpal Jhaveri

Chairman

DIN: 02018124



Pankaj Thapar

Chief Financial Officer



Jitendra Bhati

Company Secretary

Place: Mumbai

Date: May 30, 2018

Place: Mumbai

Date: May 30, 2018



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INDOSTAR CAPITAL FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rupees)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
	Audited	Audited
A. Cash flow from operating activities		
Profit before taxes	3,60,89,89,015	3,20,42,50,033
Depreciation and amortisation	4,47,71,565	1,87,43,305
Loss on sale of fixed assets	93,97,182	85,501
Profit on sale of current investments	(9,87,13,445)	(36,96,979)
Profit on sale of non-current investments	(1,99,87,625)	-
Provisions for non performing assets	2,04,25,869	8,78,24,670
Provisions for standard assets	2,98,23,357	3,54,56,147
Provision for gratuity	47,88,786	21,29,200
Provision for leave encashment	32,48,290	11,25,008
Operating profit before working capital changes	3,60,27,42,994	3,34,59,16,885
Movements in working capital:		
Increase in trade payables	4,74,37,461	39,84,521
Increase / (Decrease) in other liabilities	3,93,96,67,233	(27,74,03,078)
(Increase) in loans and advances	(8,30,20,41,393)	(8,74,99,39,017)
(Increase) in other assets	(7,33,04,909)	(15,18,17,362)
Cash used in operating activities	(78,54,98,614)	(5,82,92,58,051)
Direct taxes paid (net of refunds)	(1,26,62,62,218)	(1,07,74,56,444)
Net cash used in operating activities (A)	(2,05,17,60,832)	(6,90,67,14,495)
B. Cash flows from investing activities		
Purchase of fixed assets	(46,12,64,811)	(6,94,24,823)
Payments for capital work in progress	(8,30,13,306)	-
Proceeds from sale of fixed assets	2,02,196	70,529
Investment in subsidiary	(50,00,00,000)	-
Proceeds from sale / (investment) in Preference Shares	5,99,62,875	(3,99,75,250)
Investment in Pass through certificates (net)	(1,05,14,24,638)	(90,90,91,390)
Investment in Bonds (net)	(5,32,77,32,700)	-
Investments in Mutual Fund units (net)	(1,58,33,54,560)	(91,69,19,368)
Proceeds from maturity of Bank deposits	8,00,00,000	-
Net cash used in investing activities (B)	(8,86,66,24,944)	(1,93,53,40,302)
C. Cash Flows from financing activities		
Proceeds from issue of equity share capital	31,74,600	5,00,73,700
Proceeds from Securities Premium on issue of equity share capital	9,68,25,300	1,45,14,91,503
Amount raised from short term borrowings (net)	10,76,50,72,307	2,87,13,43,937
Term loans from banks (net)	2,29,34,17,803	21,84,42,472
(Payments) / Proceeds from non convertible debentures (NCDs) (net)	(1,47,98,19,412)	1,29,90,19,681
Net cash generated from financing activities (C)	11,67,86,70,598	5,89,03,71,293
Net increase / (decrease) in cash and cash equivalents (A + B + C)	76,02,84,822	(2,95,16,83,504)
Cash and Cash Equivalents at the beginning of the year	46,42,34,974	3,41,59,18,478
Cash and Cash Equivalents at the end of the year	1,22,45,19,796	46,42,34,974

Components of Cash and Cash Equivalents	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
	Audited	Audited
Cash and Cash Equivalents at the end of the year		
i) Cash on hand	340	24,586
ii) Balances with scheduled banks in:		
Current accounts	1,22,45,19,456	46,42,10,388
Total cash and cash equivalents	1,22,45,19,796	46,42,34,974


As per our report of even date

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


per Jayesh Gandhi
Partner
Membership No. 037924



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


R. Sridhar
Executive Vice-Chairman & CEO
DIN: 00136697


Dhanpal Jhaveri
Chairman
DIN: 02018124


Pankaj Thapar
Chief Financial Officer


Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21st July 2009. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-13.02109. The Company is primarily engaged in Lending business.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1 Significant Accounting Policies

(a) Presentation and disclosure of financial statements

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within twelve months from the date of financial statements are classified as current and other assets / liabilities are classified as non current.

(b) Use of estimates

The preparation of financial statements are in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

(c) Property, Plant and Equipment /Intangible Assets, Depreciation/Amortisation and Impairment

Property, Plant and Equipment

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 PPE 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.

Depreciation on Property, Plant and Equipment

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
Building	60 Years	60 Years
Computers	3 Years	3 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Furniture and Fixtures	5 Years	10 Years
Servers and networks	5 Years	6 Years

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

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

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.

Intangible Assets /Amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least 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.

Impairment of 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 wherever the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In determining net selling price, 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(d) Investments

Investments intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ('RBI Master Directions, 2016'). Pursuant to the RBI Master Directions, 2016, the Company has revised its recognition norms of Non-Performing Assets (NPA) from 120 days to 90 days.

Provision on standard assets is made as per management estimates and is more than as specified in the RBI Master Directions, 2016.

(f) Loans

Loans are stated at the amount advanced as reduced by the amounts received up to the balance sheet date.

(g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss account on a straight-line basis over the lease term.

(h) Foreign currency translation

Initial recognition

Transactions in foreign currency entered into during the year/period are recorded at the exchange rates prevailing on the date of the transaction.

Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

Exchange differences

All exchange differences are dealt with in the Statement of profit and loss account.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii. Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- iii. Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- v. Dividend is recognised as income when right to receive payment is established.
- vi. Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii. Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
- viii. Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

(j) Retirement and other employee benefits

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.

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.

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.

Accumulated leave which is expected to be utilised within next 12 months is treated as short term compensated absences and the accumulated leave which are carried forward beyond 12 months are treated as long term compensated absences.



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(k) Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, 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.

(l) Segment reporting

The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.

(m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year/period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year/period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year/period are adjusted for the effects of all dilutive potential equity shares.

Partly paid equity shares, if any, are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events, if any, such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that can change the number of equity shares outstanding, without a corresponding change in resources.

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash on hand, cash at bank including deposits with original maturity of less than three months, cheques on hand and remittances in transit.

(p) Borrowing costs

Borrowing cost includes interest and are charged to the Statement of Profit & Loss in the year/period in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.

(q) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.

(r) 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.



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 3- Share capital

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Authorised 11,00,00,000 (March 31, 2017: 9,00,00,000) Equity Shares of Rs.10/- each	1,10,00,00,000	90,00,00,000
	1,10,00,00,000	90,00,00,000
Issued & Subscribed Equity Shares 7,86,79,259 (March 31, 2017: 7,83,61,799) equity shares of Rs. 10/- each fully paid up	78,67,92,590	78,36,17,990
Total	78,67,92,590	78,36,17,990

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Numbers of shares	Amount in Rupees	Numbers of shares	Amount in Rupees
Shares outstanding at the beginning of the year	7,83,61,799	78,36,17,990	7,33,54,429	73,35,44,290
Issued during the year	3,17,460	31,74,600	50,07,370	5,00,73,700
Shares outstanding at the end of the year	7,86,79,259	78,67,92,590	7,83,61,799	78,36,17,990

b. 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.

c. Shares held by the holding company

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Numbers of shares	% holding in the class	Numbers of shares	% holding in the class
Equity shares of Rs. 10/- each Indostar Capital (Mauritius) (Holding Company)	7,11,02,635	90.37%	7,11,02,635	90.74%

d. Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Numbers of shares	% holding in the class	Numbers of shares	% holding in the class
Equity shares of Rs. 10/- each Indostar Capital (Mauritius)	7,11,02,635	90.37%	7,11,02,635	90.74%

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

e. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 24.



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 4- Reserves and Surplus

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Securities Premium Account		
Balance as per last Balance Sheet	10,24,67,57,611	8,79,52,66,108
Add: Received during the year	9,68,25,300	1,45,14,91,503
Closing balance	10,34,35,82,911	10,24,67,57,611
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last Balance Sheet	1,60,91,21,530	1,19,10,45,902
Add: Transfer from surplus balance in statement of profit and loss	47,11,55,262	41,80,75,628
Closing balance	2,08,02,76,792	1,60,91,21,530
Capital Reserve (4,303,768 shares Rs.0.01 paid up per share forfeited on non-payment of call money and amount received transferred)	43,038	43,038
Closing balance	43,038	43,038
Surplus in Statement of profit and loss		
Balance as per last Balance Sheet	6,36,46,15,665	4,69,23,13,152
Add: Profit for the current year	2,35,57,76,312	2,09,03,78,141
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(47,11,55,262)	(41,80,75,628)
Net surplus in the statement of profit and loss	8,24,92,36,715	6,36,46,15,665
Total	20,67,31,39,456	18,22,05,37,844



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 5 - Long term borrowings

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks (refer note (a) below) Secured	12,10,83,53,930	5,59,02,59,508	9,81,49,36,127	4,83,90,44,441
Redeemable non convertible debentures (refer note (b) below) Secured	7,81,13,64,774	4,08,70,25,055 (9,67,72,84,563)	9,29,11,84,186	1,92,22,73,237 (6,76,13,17,678)
Less: transferred to Other liabilities	-	-	-	-
Total	19,91,97,18,704	-	19,10,61,20,313	-

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks (TL):

Particulars - Bank Name	Rate of Interest	Repayment details	As at March 31, 2018		As at March 31, 2017	
			Audited		Audited	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank TL - IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Abu Dhabi Commercial Bank	>=8.10%<9.95%	2 - Yearly repayments	35,00,00,000	-	-	-
Bank of Baroda Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	25,00,00,000
Bank of Baroda Limited - TL II	>=8.10%<9.95%	20-Quarterly repayments	10,00,00,000	20,00,00,000	30,00,00,000	20,00,00,000
Bank of India Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	37,50,00,000
Canara Bank Limited - TL II	>=8.10%<9.95%	8 - Half yearly repayments	62,50,00,000	25,00,00,000	43,75,00,000	6,25,00,000
Corporation Bank Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	6,66,66,666	6,66,66,666	13,33,33,335	6,66,66,666
Dena Bank	>=8.10%<9.95%	8 - Half yearly repayments	25,00,00,000	12,50,00,000	37,50,00,000	12,50,00,000
Dena Bank - TL II	>=8.10%<9.95%	8 - Half yearly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Doha Bank	>=8.10%<9.95%	5 - Half yearly repayments	24,00,00,000	6,00,00,000	-	-
Federal Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	6,66,66,667	26,66,66,668	33,33,33,332	26,66,66,668
ICICI Bank Limited - II	>=8.10%<9.95%	10-Quarterly repayments	-	-	-	30,00,00,000
IDBI Bank Limited	>=8.10%<9.95%	18 - Quarterly repayments	-	-	24,99,99,998	11,11,11,112
IDBI Bank Limited - II	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Indian Overseas Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	-	22,22,22,222	22,22,22,221	22,22,22,223
IndusInd Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	56,25,00,000	18,75,00,000	-	-
ING Vysya Bank Limited - TL III	>=8.10%<9.95%	20-Quarterly repayments	17,50,00,000	20,00,00,000	37,50,00,000	20,00,00,000
Indian Bank	>=8.10%<9.95%	8 - Half yearly repayments	18,74,88,429	6,25,00,000	25,00,00,000	-
Kotak Mahindra Bank Limited - TL III	>=8.10%<9.95%	16-Quarterly repayments	-	18,75,00,000	18,75,00,000	25,00,00,000
Kotak Mahindra Bank Limited - TL IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	25,00,00,000	56,25,00,000	25,00,00,000
Kotak Mahindra Bank - TL V	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Kotak Mahindra Bank - TL VI	>=8.10%<9.95%	16-Quarterly repayments	75,00,00,000	25,00,00,000	-	-
Punjab National Bank - II	>=8.10%<9.95%	16-Quarterly repayments	20,62,50,000	13,75,00,000	34,37,50,000	13,75,00,000
SIDBI	>=8.10%<9.95%	20-Quarterly repayments	60,00,00,000	20,00,00,000	1,20,00,00,000	30,00,00,000
South Indian Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	5,55,55,568	5,55,55,552	11,11,11,120	5,55,55,552
South Indian Bank - II	>=8.10%<9.95%	16-Quarterly repayments	10,93,75,000	6,25,00,000	17,18,75,000	6,25,00,000
South Indian Bank - III	>=8.10%<9.95%	16-Quarterly repayments	23,43,75,000	1,56,25,000	-	-
State Bank of Bikaner and Jaipur Limited - II	>=8.10%<9.95%	8 - Half yearly repayments	-	-	56,25,00,000	18,75,00,000
State Bank of Hyderabad Limited - II	>=8.10%<9.95%	18-Quarterly repayments	-	-	61,11,11,121	22,22,22,220
State Bank of Hyderabad Limited - III	>=8.10%<9.95%	8 - Half yearly repayments	-	-	37,50,00,000	12,50,00,000
State Bank of India Limited - TL II	>=8.10%<9.95%	18-Quarterly repayments	55,55,00,000	44,44,00,000	99,99,00,000	44,44,00,000
State Bank of Mysore Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	8,33,00,000	16,66,00,000	24,99,00,000	16,66,00,000
State Bank of Mysore Limited - TL III	>=8.10%<9.95%	9 - Half yearly repayments	22,20,00,000	11,12,00,000	33,32,00,000	11,12,00,000
State Bank of Patiala - II	>=8.10%<9.95%	9 - Half yearly repayments	-	-	55,52,00,000	22,24,00,000
SIDBI II	>=8.10%<9.95%	20-Quarterly repayments	30,00,00,000	10,00,00,000	-	-
Bank of India	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	1,00,00,00,000	-	-
Catholic Syrian Bank	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	-	-	-
SIDBI III	>=8.10%<9.95%	18-Quarterly repayments	1,67,75,00,000	9,75,00,000	-	-
Vijaya Bank	>=8.10%<9.95%	8 - Half yearly repayments	87,50,00,000	12,50,00,000	-	-
Allahabad Bank	>=8.10%<9.95%	8 - Half yearly repayments	37,50,00,000	12,50,00,000	-	-
Karnataka Bank	>=8.10%<9.95%	8 - Half yearly repayments	43,75,00,000	6,25,00,000	-	-
DCB	>=8.10%<9.95%	17-Quarterly repayments	44,11,76,600	5,88,23,400	-	-
Total			12,10,83,53,930	5,59,02,59,508	9,81,49,36,127	4,83,90,44,441

Nature of Security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivable of Rs. 27,340,021,027/- (March 2017 Rs. 25,302,507,900/-)

(b) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of Rs. 10,00,000/- each

Terms of repayment as on March 31, 2018

Redeemable within	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Rate of interest		Rate of interest	
	>= 0% < 11.40%		>= 0% < 11.55%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Above 60 Months	15,00,00,000	-	15,00,00,000	-
48-60 Months	5,00,00,000	-	50,00,00,000	-
36-48 Months	1,67,00,00,000	-	1,00,00,00,000	-
24-36 Months	2,85,00,00,000	-	3,56,95,07,721	-
12-24 Months	3,09,13,64,774	-	4,07,16,76,465	-
0-12 Months	-	4,08,70,25,055	-	1,92,22,73,237
Total	7,81,13,64,774	4,08,70,25,055	9,29,11,84,186	1,92,22,73,237

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:

- first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of Rs 12,432,920,000/- (March 2017: Rs 11,932,020,000/-); and
- first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 6- Other liabilities

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non-Current	Current	Non-Current	Current
Unamortised fees	3,22,20,665	2,84,05,442	7,23,70,201	4,80,48,029
Interest accrued but not due on loans	-	60,67,72,574	-	76,15,03,118
Current maturities of long term debts (Refer note 5)	-	9,67,72,84,563	-	6,76,13,17,678
Book Overdraft	-	67,19,19,244	-	51,08,02,280
Employee benefits payable	-	21,15,00,000	-	16,83,58,844
Other liabilities (includes statutory liabilities)	-	1,15,79,40,951	-	8,62,54,704
Total	3,22,20,665	12,35,38,22,774	7,23,70,201	8,33,62,84,653

Note 7- Provisions

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non-Current	Current	Non-Current	Current
For employee benefit				
For gratuity	28,94,991	58,67,916	22,25,327	17,48,794
For leave encashment and availment	62,10,277	10,53,390	33,37,515	6,77,862
For Others				
For non-performing assets	12,82,50,539	-	10,78,24,670	-
For standard assets	19,08,24,397	4,60,60,888	15,60,93,693	5,09,68,235
For income tax (net of advance tax)	-	9,23,04,315	-	10,40,64,288
Total	32,81,80,204	14,52,86,509	26,94,81,205	15,74,59,179



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 8- Short term borrowing

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Secured Loan		
Bank overdraft *	1,42,51,69,944	94,74,72,808
Working Capital Demand Loan *	2,25,00,00,000	-
Repo Instrument **	1,47,42,63,668	-
Unsecured Loan		
Inter Corporate Deposit	88,38,35,747	-
Commercial papers		
i) From banks	2,00,00,00,000	50,00,00,000
ii) Other than banks	10,85,00,00,000	6,55,00,00,000
Less: Unamortised discount	(25,26,91,264)	(13,19,67,020)
	12,59,73,08,736	6,91,80,32,980
Total	18,63,05,78,095	7,86,55,05,788

* secured by First pari-passu charge by way of hypothecation on the standard asset portfolio

** secured by pledge of investments in bonds



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 9- Fixed assets

Particulars	Property, Plant and Equipment										Intangible Assets		Total	
	Audited										Audited			
	Land - Freehold*	Buildings	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	Total					
Gross Block														
As at March 31, 2016	15,05,100	-	1,61,05,459	43,05,750	40,33,883	3,17,72,509	5,77,23,701	49,30,003	6,26,53,704					
Additions	-	-	2,23,62,356	59,49,401	5,18,507	1,98,69,320	4,86,99,584	2,51,51,038	7,38,50,622					
Deletions	-	-	2,09,487	3,52,799	-	-	5,62,286	-	5,62,286					
As at March 31, 2017	15,05,100	-	3,82,59,328	99,02,352	45,52,390	5,16,41,829	10,58,60,999	3,00,81,041	13,59,42,040					
Additions	-	10,50,30,100	6,58,82,242	3,85,85,853	7,16,28,045	19,59,10,483	47,70,36,723	2,19,49,440	49,89,86,163					
Deletions	-	-	-	13,191	-	1,53,19,058	1,53,32,249	-	1,53,32,249					
As at March 31, 2018	15,05,100	10,50,30,100	10,41,41,570	4,84,75,014	7,61,80,435	23,22,33,254	56,75,65,473	5,20,30,481	61,95,95,954					
Depreciation														
As at March 31, 2016	-	-	66,22,909	19,12,400	22,56,805	1,68,03,166	2,75,95,280	20,54,100	2,96,49,380					
Additions	-	-	43,25,039	12,63,046	6,59,214	32,61,453	95,08,752	92,34,553	1,87,43,305					
Deletions	-	-	1,09,133	3,01,469	-	-	4,10,602	-	4,10,602					
As at March 31, 2017	-	-	1,08,38,815	28,73,977	29,16,019	2,00,64,619	3,66,93,430	1,12,88,653	4,79,82,083					
Additions	-	3,17,162	1,30,12,315	24,06,646	5,53,720	1,79,30,856	3,42,20,699	1,05,50,866	4,47,71,565					
Deletions	-	-	-	2,601	-	57,30,270	57,32,871	-	57,32,871					
As at March 31, 2018	-	3,17,162	2,38,51,130	52,78,022	34,69,739	3,22,65,205	6,51,81,258	2,18,39,519	8,70,20,777					
Net Block														
As at March 31, 2016	15,05,100	10,47,12,938	8,02,90,440	4,31,96,992	7,27,10,696	19,99,68,049	50,23,84,215	3,01,90,962	53,25,75,177					
As at March 31, 2017	15,05,100	-	2,74,20,513	70,28,375	16,36,371	3,15,77,210	6,91,67,569	1,87,92,388	8,79,59,957					

*Mortgaged as security against Secured Non Convertible Debentures



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 10 - Non-current investments

(Amount in Rupees)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Audited			Audited		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Unquoted - Compulsorily Convertible Preference Share GC Web Ventures Private Limited	-	-	-	150	862	3,99,75,250
Non trade (valued at cost unless stated otherwise)						
Investment in wholly owned subsidiaries						
IndoStar Asset Advisory Private Limited (10,000 equity share of Face value of Rs. 10/- each)	10	10,000	1,00,000	10	10,000	1,00,000
IndoStar Home Finance Private Limited (1,50,00,000 equity share of Face value of Rs. 10/- each)	10	1,50,00,000	15,00,00,000	10	1,00,00,000	10,00,00,000
(5,00,00,000 equity share of Face value of Rs. 10/- each, partly paid Rs. 9/- each)	10	5,00,00,000	45,00,00,000	-	-	-
Other Investments						
Pass through certificates - Firefinch CV IFMR Capital 2017	-	-	-	1	59,03,35,955	59,03,35,955
Investment in Bonds (Quoted)						
8.85% HDFC Bank Ltd (Perpetual)	10,00,000	100	10,13,75,300	-	-	-
8.55% ICICI Bank Ltd (Perpetual)	10,00,000	1,000	99,72,06,562	-	-	-
Total			1,69,86,81,862			73,04,11,205
Aggregate Value of Quoted Investments						
Cost of acquisition			1,09,85,81,862			-
Market value			1,07,89,71,600			-
Aggregate Value of Unquoted Investments						
Cost of acquisition			60,01,00,000			73,04,11,205



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 11- Deferred tax assets (net)

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Deferred tax asset		
Provision for standard assets	8,19,81,259	7,16,59,992
Origination fees unamortised	2,09,81,483	4,16,74,341
Provision for gratuity	30,32,667	13,75,364
Provision for leave encashment	25,13,810	13,89,642
Interest on the NPA Loans not accrued in books	2,52,92,671	3,20,73,135
Provision for non performing assets	4,43,84,947	3,73,15,962
Total (A)	17,81,86,837	18,54,88,436
Deferred tax liability		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	(15,70,355)	(13,04,539)
Borrowing costs unamortised	(1,16,72,393)	(2,05,29,350)
Total (B)	(1,32,42,748)	(2,18,33,889)
Net deferred tax asset (A-B)	16,49,44,089	16,36,54,547



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 12- Loans and advances

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non Current portion	Current portion	Non Current portion	Current portion
Secured, considered good				
Loans and advances relating to financing activity	29,93,91,64,263	4,40,39,56,270	22,60,27,78,828	3,15,65,85,191
Debentures	14,94,94,80,254	3,35,27,99,326	14,01,39,86,170	2,64,88,94,750
Short term loans	-	47,32,12,000	-	-
Secured, considered doubtful				
Loans and advances relating to financing activity	76,79,37,476	-	72,73,35,794	-
Unsecured, considered good				
Loans and advances relating to financing activity	50,00,00,000	25,00,00,000	-	75,00,00,000
Debentures	2,30,00,00,000	60,00,00,000	1,90,00,00,000	65,00,00,000
Short term loans	-	2,06,37,38,838	-	5,00,00,00,000
Security Deposits	8,50,07,861	-	2,55,07,954	-
Advances recoverable in cash or in kind or for value to be received	-	13,20,81,299	-	1,35,52,173
Prepaid expenses	3,19,31,670	3,29,49,411	4,82,53,988	4,10,93,305
Service tax (Including Input credit)	-	-	-	22,29,122
Total	48,57,35,21,524	11,30,87,37,144	39,31,78,62,734	12,26,23,54,541

Note 13- Other current assets

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	20,33,42,973	-	-
Interest accrued but not due on loans	-	37,77,57,615	-	50,64,37,790
Interest accrued on fixed deposits with banks	-	-	-	13,57,889
Total	-	58,11,00,588	-	50,77,95,679



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Notes 14- Cash and bank balances

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Cash and cash equivalents		
i) Cash on hand	340	24,586
ii) Balances with scheduled banks in:		
Current accounts	1,22,45,19,456	46,42,10,388
Deposits with original maturity of less than three months	-	-
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	-	8,00,00,000
Total	1,22,45,19,796	54,42,34,974



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 15 - Current investments

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Quantity	Amount	Quantity	Amount
Investments in Mutual funds (At Net Asset Value)				
UTI Money Market Fund - Growth	2,56,777.63	50,06,50,830	-	-
Axis Liquid Fund- Growth	2,62,166.47	50,53,33,942	-	-
L&T Liquid Fund - Growth	1,05,037.85	25,02,92,045	-	-
BOI AXA Liquid Fund - Direct- Growth	49,998.91	10,01,61,735	-	-
HDFC Liquid Fund - Growth	67,266.25	23,03,11,549	-	-
Kotak Floater - ST – Growth Plan	2,10,738.77	60,10,17,552	-	-
Reliance Liquid Fund - TP - Growth	59,052.47	25,03,79,076	-	-
SBI Premier Liquid Fund - Growth	62,504.17	17,02,86,011	-	-
Kotak Liquid Scheme - Plan A - DDR	-	-	7,52,869.49	92,06,16,347
Other Investments				
Pass through certificates - Venus SBL IFMR Capital 2017	-	-	31,87,55,435	31,87,55,435
Pass through certificates - Firefinch CV IFMR Capital 2017	59,03,35,955	16,91,52,182	-	-
Pass through certificates - Satin	2,19,35,36,201	1,79,13,63,846	-	-
Investment in Bonds (Quoted)				
8.85% HDFC Bank Ltd (Perpetual)	1,250	1,27,06,69,000	-	-
9.20% ICICI Bank Ltd (Perpetual)	500	51,02,42,250	-	-
9.00% State Bank of India (Perpetual)	800	81,89,25,500	-	-
8.75% State Bank of India (Perpetual)	50	5,08,98,200	-	-
10.20% RBL Tier II	1,500	1,57,26,67,500	-	-
Total		8,79,23,51,218		1,23,93,71,782
Aggregate Value of Quoted Investments				
Cost of acquisition		4,22,34,02,450		-
Market value		4,23,96,28,394		-
Aggregate Value of Unquoted Investments				
Cost of acquisition		4,56,50,58,021		1,23,87,55,435



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 16- Revenue from operations

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Interest income on:		
- Loan portfolio	6,56,44,86,996	6,32,01,20,936
- Deposits with banks	1,12,24,762	10,69,64,119
- Investments in PTCs	8,17,80,221	22,05,963
- Debt instruments	35,89,70,370	-
Other financial services:		
- Origination fees & other charges	84,00,56,868	67,50,50,484
- Syndication & other fees	32,88,92,411	4,45,55,058
- Gain on sale of loan assets	-	3,79,762
Total	8,18,54,11,628	7,14,92,76,322

Note 17- Other income

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Dividend income	5,72,381	24,19,511
Profit on sale of current investments	9,87,13,445	36,96,979
Profit on sale of non-current investments	1,99,87,625	-
Miscellaneous income	12,399	26,996
Total	11,92,85,850	61,43,486

Note 18- Employee benefit expenses

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Salaries, other allowances and bonus	69,62,67,515	46,12,22,559
Gratuity expenses	45,38,786	33,79,200
Leave encashment	43,61,003	16,01,969
Contribution to provident and other funds	1,42,29,967	88,20,780
Staff welfare expenses	72,77,981	28,62,174
Employee benefit shared service costs recovered	(36,17,761)	-
Total	72,30,57,491	47,78,86,682

Note 19- Finance cost

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Interest expense on		
Debtures	94,42,68,973	1,15,11,45,848
Loans from banks	1,33,69,71,685	1,55,54,98,046
Commercial paper	83,18,93,555	31,53,54,966
Security deposits	55,75,463	-
Inter Corporate Deposit	1,53,82,489	-
Interest On REPO Instruments	1,41,77,164	-
Other borrowing costs		
Processing charges on loans	3,52,37,545	4,47,77,143
Bank charges & other related costs	6,07,79,396	5,17,18,878
Total	3,24,42,86,270	3,11,84,94,881



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 20- Other expenses

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Rent	7,53,94,134	3,91,22,235
Rates & taxes	82,75,980	38,53,293
Printing and stationery	63,23,364	13,22,421
Travelling & conveyance	2,40,42,632	84,27,422
Advertisement	9,18,27,756	5,81,613
Business Promotion	30,39,503	26,01,314
Conference charges	2,10,932	59,146
Commission & brokerage	17,97,07,234	4,81,48,161
Office expenses	5,62,70,811	2,22,41,804
Directors' fees & commission	72,90,750	21,56,050
Insurance	49,80,812	21,54,650
Communication expenses	1,57,15,798	35,90,195
Payment to auditor		
- Audit fees	41,89,742	41,88,233
- Tax audit fees	3,81,500	3,76,250
- Certification	5,45,000	5,37,500
CSR expenses	1,74,82,962	1,63,90,052
Legal & professional charges	8,62,27,356	5,45,46,838
Loss on sale of fixed assets (net)	93,97,182	85,501
Membership & subscriptions	1,15,45,311	23,81,412
Shared service costs recovered	(71,44,475)	-
Total	59,57,04,284	21,27,64,090

Note 21- Provisions and write off

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Provision for standard assets	2,98,23,357	3,54,56,147
Provision for non-performing assets	2,04,25,869	8,78,24,670
Debts written off	3,76,39,627	-
Total	8,78,88,853	12,32,80,817



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 22- Earnings per share

(Amount in Rupees except for no. of equity shares)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Net Profit after tax as per Statement of profit and loss (Amount in Rupees) (A)	2,35,57,76,312	2,09,03,78,141
Weighted average number of equity shares for calculating Basic EPS (B)	7,86,47,078	7,34,81,031
Weighted average number of equity shares for calculating Diluted EPS (C)	8,71,68,302	8,01,19,592
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	29.95	28.45
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	27.03	26.09

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Weighted average number of equity shares for calculating Basic EPS	7,86,47,078	7,34,81,031
Add: Weighted number of equity shares under options	85,21,224	66,38,561
Weighted average number of equity shares in calculating Diluted EPS	8,71,68,302	8,01,19,592



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 23 - 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 AS 15 '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:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

(Amount in Rupees)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	31,76,328	14,29,946
Interest cost on benefit obligation	4,20,489	3,89,148
Expected return on plan assets	(2,00,408)	(3,01,012)
Net actuarial (gain) / loss recognised in the year	(3,44,380)	8,61,118
Past service cost-Vested	14,86,757	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	45,38,786	23,79,200
Actual return on plan assets	1,86,967	2,70,300

Balance sheet

Details of Provision for gratuity

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Change in Fair Value of Assets		
Opening value of plan assets	26,12,811	33,42,511
Transfer in/(out) plan assets	-	-
Expected return	2,00,408	3,01,012
Actuarial gain/(loss)	(13,441)	(30,712)
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(24,90,384)	(10,00,000)
Closing value of plan assets	3,09,394	26,12,811
Defined benefit obligation	(93,94,301)	(65,86,932)
Fair value of plan assets	3,09,394	26,12,811
Less: Unrecognised past service cost	3,22,000	-
Net Liability	(87,62,907)	(39,74,121)

Changes in the present value of the defined benefit obligation are as follows:

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	65,86,932	51,87,432
Interest cost	4,20,489	3,89,148
Current service cost	31,76,328	14,29,946
Past service cost	18,08,757	-
Benefits paid	(22,40,384)	(12,50,000)
Actuarial (gains) / losses on obligation	(3,57,821)	8,30,406
Closing defined benefit obligation	93,94,301	65,86,932

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.50%	7.10%
Expected Return on Plan Assets	7.50%	7.10%
Increase in compensation cost	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

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected rate of return on plan assets is based on actuarial expectation of the average long term return expected on investments of the fund during the estimated term of the obligation.

Amounts for the Current period and previous four years are as follows:

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	93,94,301	65,86,932	51,87,432	40,77,761	22,77,797
Plan assets	3,09,394	26,12,811	33,42,511	30,73,573	20,15,432
Surplus / (deficit)	(87,62,907)	(39,74,121)	(18,44,921)	(10,04,188)	(2,62,365)
Experience adjustments on plan liabilities	(66,498)	5,39,056	(16,82,888)	26,861	(6,32,462)
Experience adjustments on plan assets	13,441	30,712	64,678	30,626	12,284



Note 24- Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the year ended 31 March 2018, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

The Board of Directors approved the share based employee benefits i.e. issue of stock options to the key employees and directors of the company under five schemes viz. ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 II, ESOP Plan 2017 and ESOP Plan 2018 in their Meetings held on 20 June 2012, 11 April 2016, 21 September 2016, 18 April 2017 and 12 December 2017 respectively. According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

Other relevant terms of the grant are as follows	Terms
Vesting period	5 years
Exercise period	4 years from the date of vesting
Expected life	5 years
Market price	NIL

The details of activity under various ESOP Schemes are summarized below:

ESOP Plan	Tranch	Date of grant	Number of option granted	Number of option exercised	Number of option cancelled	Number of option outstanding	Weighted average remaining contractual life (in years)	Weighted average fair value of options granted (Rs)	Weighted Average Exercise Price (Rs)
ESOP Plan 2012	Tranche I	21-Aug-12	2,03,000	3,400	37,700	1,61,900	1	99.63	140.00
ESOP Plan 2012	Tranche II	18-Feb-13	1,00,000	200	-	99,800	2	102.52	145.00
ESOP Plan 2012	Tranche III	28-Mar-13	20,000	-	20,000	-	NA	91.11	145.10
ESOP Plan 2012	Tranche IV	14-Aug-13	10,000	-	10,000	-	NA	92.16	147.24
ESOP Plan 2012	Tranche V	23-Apr-14	6,66,000	470	41,690	6,23,840	3	105.67	149.37
ESOP Plan 2012	Tranche VI	16-May-16	6,02,254	-	-	6,02,254	2	82.87	225.00
ESOP Plan 2016	Tranche I	16-May-16	24,98,036	-	2,87,259	22,10,777	2	82.87	225.00
ESOP Plan 2016	Tranche II	16-May-16	15,000	-	5,000	10,000	4	108.11	225.00
ESOP Plan 2016	Tranche III	16-May-16	25,000	-	-	25,000	2	90.32	225.00
ESOP Plan 2016-II	Tranche I	19-Oct-16	23,70,000	-	20,000	23,50,000	4	119.65	255.00
ESOP Plan 2016-II	Tranche II	04-Nov-16	20,000	-	-	20,000	4	119.91	255.00
ESOP Plan 2016	Tranche IV	22-Mar-17	1,50,000	-	-	1,50,000	4	139.36	300.00
ESOP Plan 2016-II	Tranche III	22-Mar-17	3,67,000	-	-	3,67,000	4	139.36	300.00
ESOP Plan 2016	Tranche V	18-May-17	2,25,000	-	-	2,25,000	5	163.34	315.00
ESOP Plan 2017	Tranche I	18-May-17	14,28,500	-	-	14,28,500	6	176.42	315.00
ESOP Plan 2016	Tranche VI	26-Jul-17	70,000	-	25,000	45,000	5	173.12	328.00
ESOP Plan 2016-II	Tranche IV	26-Jul-17	2,50,000	-	-	2,50,000	5	173.12	328.00
ESOP Plan 2012	Tranche VII	12-Jan-18	7,500	-	-	7,500	6	228.61	437.00
ESOP Plan 2016	Tranche VII	12-Jan-18	34,000	-	-	34,000	6	228.61	437.00
ESOP Plan 2016-II	Tranche V	12-Jan-18	12,000	-	6,000	6,000	6	228.61	437.00
ESOP Plan 2017	Tranche II	12-Jan-18	5,70,000	-	7,500	5,62,500	6	228.61	437.00
ESOP Plan 2018	Tranche I	12-Jan-18	5,65,500	-	17,000	5,48,500	6	228.61	437.00
ESOP Plan 2018	Tranche II	29-Mar-18	9,83,000	-	-	9,83,000	7	243.07	428.05

The range of exercise prices for options outstanding at the end of the year was Rs 140.00 to Rs 437.00 (31 March 2017: Rs 140.00 to Rs 300.00).

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

ESOP Plan	Tranch	Dividend yield (%)	Expected volatility	Risk-free interest rate	Weighted average share price (Rs)	Exercise price (Rs)	Expected life of options granted in years
ESOP Plan 2012	Tranche I	0%	0.5811	8.00%	Nil	140.00	1
ESOP Plan 2012	Tranche II	0%	0.5765	8.00%	Nil	145.00	2
ESOP Plan 2012	Tranche III	0%	0.5709	8.00%	Nil	145.10	NA
ESOP Plan 2012	Tranche IV	0%	0.5671	8.00%	Nil	147.24	NA
ESOP Plan 2012	Tranche V	0%	0.5733	8.00%	Nil	149.37	3
ESOP Plan 2012	Tranche VI	0%	0.4300	7.39%	Nil	225.00	2
ESOP Plan 2016	Tranche I	0%	0.4300	7.39%	Nil	225.00	2
ESOP Plan 2016	Tranche II	0%	0.4200	7.64%	Nil	225.00	4
ESOP Plan 2016	Tranche III	0%	0.4300	7.44%	Nil	225.00	2
ESOP Plan 2016-II	Tranche I	0%	0.4200	6.83%	Nil	255.00	4
ESOP Plan 2016-II	Tranche II	0%	0.4200	6.88%	Nil	255.00	4
ESOP Plan 2016	Tranche IV	0%	0.4200	6.96%	Nil	300.00	4
ESOP Plan 2016-II	Tranche III	0%	0.4200	6.96%	Nil	300.00	4
ESOP Plan 2016	Tranche V	0%	0.4400	7.03%	Nil	315.00	5
ESOP Plan 2017	Tranche I	0%	0.4300	7.29%	Nil	315.00	6
ESOP Plan 2016	Tranche VI	0%	0.4400	6.76%	Nil	328.00	5
ESOP Plan 2016-II	Tranche IV	0%	0.4400	6.76%	Nil	328.00	5
ESOP Plan 2012	Tranche VII	0%	0.4100	7.52%	Nil	437.00	6
ESOP Plan 2016	Tranche VII	0%	0.4100	7.52%	Nil	437.00	6
ESOP Plan 2016-II	Tranche V	0%	0.4100	7.52%	Nil	437.00	6
ESOP Plan 2017	Tranche II	0%	0.4100	7.52%	Nil	437.00	6
ESOP Plan 2018	Tranche I	0%	0.4100	7.52%	Nil	437.00	6
ESOP Plan 2018	Tranche II	0%	0.4100	7.75%	Nil	428.05	7

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Profit after tax as reported	2,35,57,76,312	2,09,03,78,141
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	12,85,76,819	16,60,09,820
Proforma profit after tax	2,22,71,99,493	1,92,43,68,321
Earnings Per Share		
Basic		
- As reported	29.95	28.45
- Proforma	28.32	26.19
Diluted		
- As reported	27.03	26.09
- Proforma	25.55	24.02



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 25 - Related party disclosure

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Holding Company	Indostar Capital (Mauritius)
Subsidiary Company	IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited

Names of other related parties:

Key Managerial Personnel	R. Sridhar - Executive Vice-Chairman & CEO Vimal Bhandari - MD & CEO (till April 30, 2017) Shailesh Shirali - Wholetime Director (till January 28, 2018)
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I. Related party with whom transactions have taken place during the year

(Amount in Rupees)

Name of related party & nature of relationship	Particulars	For the year ended	For the year ended
		March 31, 2018	March 31, 2017
		Audited	Audited
Key managerial personnel			
R. Sridhar	Investment in share capital	31,74,600	-
	Securities premium	9,68,25,300	-
	Remuneration paid	2,62,92,991	-
	Expenses reimbursed	4,10,918	-
Vimal Bhandari	Remuneration paid	36,02,195	3,34,63,652
	Expenses reimbursed	76,431	6,91,660
Shailesh Shirali	Remuneration paid	2,02,94,988	5,21,39,372
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Reimbursement of expenses	47,91,929	56,64,378
	Advances given (Net)	21,00,000	2,11,17,767
IndoStar Home Finance Private Limited	Investment in subsidiary	50,00,00,000	-
	Reimbursement of expenses	59,70,308	-
	Advances given (Net)	8,55,034	-

II. Balance as at year end

(Amount in Rupees)

Name of related party & nature of relationship	Particulars	As at March 31, 2018	As at March 31, 2017
		Audited	Audited
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	71,10,26,350	71,10,26,350
	Securities premium	8,53,23,16,200	8,53,23,16,200
Key managerial personnel			
R. Sridhar	Investment in share capital	31,74,600	-
	Securities premium	9,68,25,300	-
Vimal Bhandari	Investment in share capital	43,14,580	43,14,580
	Securities premium	5,17,74,960	5,17,74,960
Shailesh Shirali	Investment in share capital	26,36,150	26,36,150
	Securities premium	3,16,33,800	3,16,33,800
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	1,00,000	1,00,000
	Reimbursement of expenses	76,44,506	56,64,378
	Advances given	21,00,000	-
IndoStar Home Finance Private Limited	Investment in subsidiary	60,00,00,000	10,00,00,000
	Reimbursement of expenses	69,25,557	-
	Advances given	8,55,034	-



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 26- Contingent liabilities and Commitments

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Contingent liabilities:		
Corporate guarantee given by Company to banks	76,65,24,410	62,90,80,000
Pending Litigation with Income Tax Authorities	-	-
Capital and other commitments:		
Estimated amount of contracts remaining to be executed on capital account	11,60,02,325	-
Amount uncalled on partly paid up shares of subsidiary	5,00,00,000	-
Loans sanctioned not yet disbursed	8,50,87,57,591	3,12,44,04,852

Note 27- 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. 75,394,134. The non-cancellable operating lease agreements are for a period of 24 months to 60 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 :

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
Minimum Lease Payments:		
Not later than one year	8,38,10,074	5,22,70,004
Later than one year but not later than five years	27,14,42,111	16,91,09,622
Later than five years	-	-

Note 28 - Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

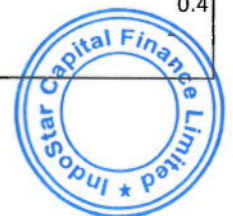
There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises, as no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate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

(Amount in Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further 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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Note 29 - Capital to Risk Assets Ratio Disclosure

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
(i) CRAR (%)	28.3	33.8
(ii) CRAR – Tier I capital (%)	28.0	33.4
(iii) CRAR – Tier II capital (%)	0.3	0.4
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(Amount in Rupees)

Note 30- Asset liability management	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years years	Over 3 years to 5 years	Over 5 years
Liabilities:								
Borrowings from banks	3,91,12,69,943	74,37,50,000	36,73,61,111	1,23,81,94,444	3,00,48,53,954	9,09,56,07,500	2,89,52,58,000	11,74,88,430
Market borrowings	3,59,18,78,080	4,06,73,25,782	5,88,80,02,143	3,17,46,99,627	2,08,57,76,890	6,17,62,34,696	1,72,00,00,000	14,98,80,763
Assets:								
Loans & advances	82,44,22,352	52,43,93,605	49,95,12,484	1,93,72,19,785	7,35,81,58,207	26,22,35,00,386	8,76,78,86,025	13,46,51,95,581
Investments	7,02,33,29,090	19,15,08,957	20,12,45,224	59,17,86,111	78,44,81,836	-	-	1,69,86,81,862



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 31- Exposure to real estate sector

(Amount in Rupees)

Category		As at March 31, 2018	As at March 31, 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 Rs.15 lakhs may be shown separately)	10,40,59,47,164	4,35,65,67,443
	ii. Commercial Real Estate Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	30,29,95,60,768	20,71,04,04,494
	iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures - Residential -Commercial Real Estate	Nil Nil	Nil Nil
B	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	60,00,00,000	Nil

Note 32- Exposure to capital market

(Amount in Rupees)

		As at March 31, 2018	As at March 31, 2017
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	5,54,10,00,000	1,80,00,00,000
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 33- Other Disclosures Pursuant to the RBI Master Directions, 2016

I - Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(Amount in Rupees)

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	2,04,25,869	8,78,24,670
3	Provision made towards Income tax	1,25,45,02,245	1,17,45,02,169
4	Other Provision and Contingencies	-	-
5	Provision for Standard Assets	2,98,23,357	3,54,56,147

II - Concentration of Advances

(Amount in Rupees)

Particulars		As at March 31, 2018	As at March 31, 2017
1	Total Advances to twenty largest borrowers	36,64,93,25,851	31,09,02,93,457
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	61.5%	60.4%

III - Concentration of Exposures

(Amount in Rupees)

Particulars		As at March 31, 2018	As at March 31, 2017
1	Total Exposure to twenty largest borrowers /customers	40,48,33,25,851	35,82,51,22,699
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	59.4%	63.6%

IV - Concentration of NPAs

(Amount in Rupees)

Particulars		As at March 31, 2018	As at March 31, 2017
1	Total Exposure to top four NPA accounts	59,44,78,099	72,73,35,794

V - Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars		As at March 31, 2018	As at March 31, 2017
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	1.1%	1.5%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

VI - Movement of NPAs

(Amount in Rupees)

Particulars		As at March 31, 2018	As at March 31, 2017
	Net NPAs to Net Advances (%)	1.1%	1.2%
Movement of NPAs (Gross)			
	Opening balance	72,73,35,794	10,00,00,000
	Additions during the year/period	25,33,69,560	62,73,35,794
	Reductions during the year/period	21,27,67,878	-
	Closing balance	76,79,37,476	72,73,35,794
Movement of Net NPAs			
	Opening balance	61,95,11,124	8,00,00,000
	Additions during the year/period	22,80,32,604	53,95,11,124
	Reductions during the year/period	20,78,56,792	-
	Closing balance	63,96,86,936	61,95,11,124
Movement of provisions for NPAs (excluding provisions on standard assets)			
	Opening balance	10,78,24,670	2,00,00,000
	Provisions made during the year/period	7,67,93,747	8,78,24,670
	Write-off / write-back of excess provisions	5,63,67,878	-
	Closing balance	12,82,50,539	10,78,24,670

VII - Customer Complaints

Particulars		As at March 31, 2018
1	No. of complaints pending at the beginning of the period	NIL
2	No. of complaints received during the period	54
3	No. of complaints redressed during the period	54
4	No. of complaints pending at the end of the period	NIL



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

VIII - Investments

(Amount in Rupees)

Particulars		As at March 31, 2018	As at March 31, 2017
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	10,49,10,33,080	1,96,97,82,987
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
(b) Outside India	-	-	
(iii) Net Value of Investments			
(a) In India	10,49,10,33,080	1,96,97,82,987	
(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/ write-back of excess provision during the year	-	-
	(iv) Closing balance	-	-

IX - Registration obtained from other financial sector regulators : None

X - Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financials year/period.

X - Details of financing of parent company products : None

XI - Disclosure of penalties imposed by RBI and other regulators : None

XII - Draw down from reserves : None

XIII - Rating assigned by credit rating agencies and migration of ratings during the year/period

Sr. No.	Instrument	Credit Rating Agency	As at March 31, 2018	As at March 31, 2017
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-
		INDIA RATINGS	AA-	AA-

XIV - Unsecured Advances against intangible securities : None

Note 34 - Subsequent to the year ended March 31, 2018, the Company has completed an Initial Public Offering (IPO) of 32,237,762 equity shares at Rs. 572 per share, out of which :

i) 1,22,37,762 equity shares of Rs. 10 each were allotted as fresh issue of equity shares at premium of Rs. 562 per share.

ii) 2,00,00,000 equity shares of Rs. 10 each were offered for sale by the existing shareholders at premium of Rs. 562 per share.

The equity shares of the Company got listed on the National Stock Exchange of India Limited and the BSE Limited on May 21, 2018.



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INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Note 35- Previous years comparative

Previous year figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year presentation.

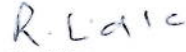
As per our report of even date

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



per Jayesh Gandhi
Partner
Membership No. 037924

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



R. Sridhar
Executive Vice-Chairman & CEO
DIN: 00136697



Dhanpal Jhaveri
Chairman
DIN: 02018124



Pankaj Thapar
Chief Financial Officer



Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

