

Strong & Stable

2015-16
Annual Report

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India continues to consolidate the gains of robust macro-economic fundamentals in terms of consistent economic growth, moderate inflation, low current account and fiscal deficits, and the ease of doing business. The Government's focus on accelerating infrastructure creation and improving the asset quality of the financial ecosystem is also pushing the levers of a dynamic economy.

This stellar performance in a sluggish global economic scenario has provided a reasonable degree of resilience to the Indian financial system. The fiscal situation has begun to improve, and a resumption of capital inflows has allowed a significant build-up in foreign reserves. This confluence of achievements has made India one of the bright spot in the global economy.

At IndoStar, we are well poised to make the most of this creative optimism.

Over the past five years, we have consistently worked on enhancing our overall performance, and our strategies are delivering desired outcomes. Today, we have a diversified and growing asset book, strong relationships with customers, encouraging escalation in revenues and improvement in profitability and credit quality. Supported by sophisticated analytics, a conservative operating philosophy and a well-defined risk appetite framework, we are geared for the next phase of growth.

We are exploring new business frontiers and we plan to expand into new geographies. We are investing in infrastructure, technology and talent to scale up the growth.

Ever since inception, we have adapted to a changing regulatory landscape and set high benchmarks of performance on all aspects of the business. This has enabled us to create a strong and stable platform for sustainable value creation.

Delivering Stable Outcomes

At IndoStar Capital Finance Limited (IndoStar), we have grown steadily in a largely volatile financial landscape. Despite challenges, our rate of growth in the preceding five years has been encouraging. We have the right scale, expertise and the vision to deliver value to our clients and stakeholders. We will continue to enrich our portfolio and strengthen our relationships with all those who have a stake in our progress. And we see our achievement in the last five years as a robust platform to scale the next level of growth.

IndoStar Capital Finance Limited (IndoStar) is one of India's growing non-banking financial companies (NBFC), focused on providing innovative and structured financial solutions to Indian corporates. Sponsored by Everstone Capital, IndoStar is the first Indian NBFC to enjoy the support of prominent global financial institutions, including Goldman Sachs and others.

With strong governance, client service and product innovation at the core of its working philosophy, the Company is focused on providing structured solutions for debt requirements of Indian corporates. It also provides term loans to SMEs against the collateral of property to finance their business needs. Consolidation of debt is the other objective. The Company manages a Credit Fund of ₹ 203 Crore through its subsidiary, IndoStar Asset Advisory Private Limited.

The Company's competitive strengths comprise: the support of foremost global financial institutions who are its sponsors; highly experienced management; a growing talent pool; a strong risk governance mechanism; and comfortable capital adequacy and liquidity position. The Company adheres to high ethical standards and demonstrates integrity and transparency in all its dealings. While prudent risk taking, aligned with its strategic priorities, is fundamental to the business, the Company maintains a conservative framework to manage liquidity and leverage. It continues to thrive on high quality of assets; due to its strong credit, due diligence and collection processes.

Net Worth

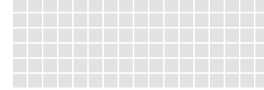
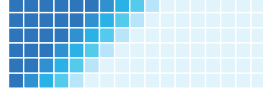
₹ **1,542 Cr**

as on March 31, 2016

Capital Adequacy Ratio

34.2%

as on March 31, 2016



Gross NPA
0.23%

Net NPA
0.19%

as on March 31, 2016

PAT of
₹ 192 Cr

CAGR of 38% over 5 years

Gross disbursement
₹ 4,048 Cr

during FY 2016

Loan book of
₹ 4,265 Cr

CAGR of 49% over 5 years

Credit Ratings

As on June 30, 2016, IndoStar has been assessed with the highest short-term Rating of A1+ (plus) by Credit Analysis & Research Ltd (CARE), ICRA Limited and CRISIL Limited. It has been assessed with AA - (minus) for its long-term borrowings by Credit Analysis & Research Ltd (CARE) and India Rating & Research Private Limited (Fitch Group).

Long-term borrowings

₹ 3,750 Cr

AA (-)

Short-term borrowings

₹ 750 Cr

A1+

Structured Finance Solutions

At IndoStar, we offer our customers a wide range of products with focus on structured finance transactions. Our diversified products target multiple sectors, acting as a hedge against concentration risk. Our product portfolio is a healthy mix of yield, asset class and maturity.



Secured Corporate Lending

IndoStar provides structured lending solutions to its customers to help them achieve their strategic objectives and growth plans, without straining operating cash flows. These are typically term loans with tenors ranging from two to six years, secured with operating assets of borrowers. Till date, the company has funded more than 50 corporates across sectors including media, logistics, real estate, cement, power, dairy, financial services and infrastructure projects.



Real Estate Financing

IndoStar provides structured loans as well as loans at project level for construction of commercial and residential properties, including late stage financing for inventory funding with a focus on minimising execution and construction risks. Till date, the Company has funded over 30 reputed real estate developers against security and cash flows of residential and commercial projects. The Company is the preferred financial partner for India's leading developers and has reliably managed multiple transactions with them.



Capital Market Financing

IndoStar offers loans to promoters against listed securities, select unlisted securities and/or other tangible collaterals. These loans have tenors ranging from one to three years.



Special Situation and Acquisition Financing

IndoStar formulates specialised structured financing solutions for corporates to meet their funding requirements. The Company also offers acquisition funding, promoter funding for equity buy back/take outs, family settlements and asset financing for its clients.



Debt Capital Markets

IndoStar builds and maintains strong partnerships with co-investors and other large institutional investors across market. The Company has established long-term relationships with such reputed institutional investors and private wealth investors. It has partnered with reputed institutions in select transactions to provide financial solutions for large transactions.



SME Loans

IndoStar offers term loans against property to small and medium enterprises (SMEs) and to professionals. The main purpose of the term loans is to finance businesses for growth capital & debt consolidation. These loans range from ₹ 30 Lacs to ₹ 5 Crore with maximum tenor of 15 years.

Nuturing Relationships

Over the years, we have sustained relationships with a wide spectrum of clients. They rely on us because of our inherent acumen and acceleration with which we serve their requirements.



Strong Track Record

IndoStar has emerged as a prominent NBFC with sophisticated credit analysis and structuring capabilities. This is demonstrated by transactions where the Company has underwritten large ticket credit transactions, participated in and syndicated loan transactions across multiple sectors. The Company has also partnered with reputed co-lenders in select transactions.

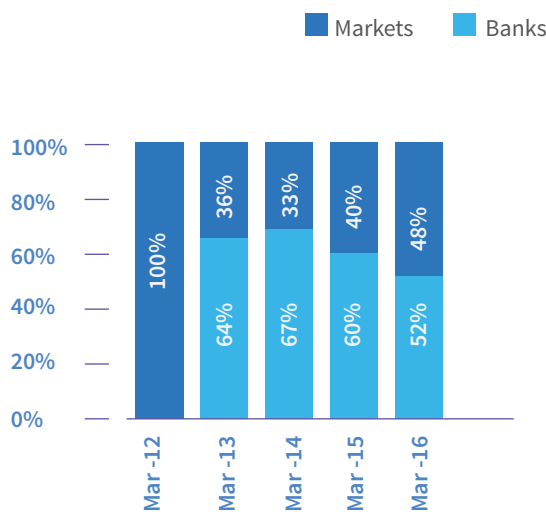


Resource Mobilisation

IndoStar's approach to business and conservative balance sheet philosophy has helped it develop a diversified base of lenders/investors. This, in turn, has helped reduce cost of funds for the Company and cater to its clients consistently, despite market vagaries.

IndoStar has mobilised resources as part of its liability planning from banking system, capital and money markets. The Company has relationships with over 25 banks and leading mutual funds. A consistent focus on building relationships with financial institutions, mutual funds and large investors strengthens IndoStar as a brand in the credit space.

Borrowing Composition



Leveraging the Opportunity Landscape

At IndoStar, we believe the market is gradually becoming more robust and wide-ranging for financial services players with a proven track record for value creation. We have talent, technology and teamwork to deliver winning outcomes in existing businesses and to foray into new frontiers.

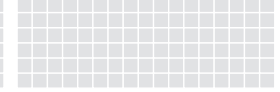
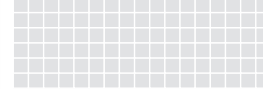
The NBFC sector in India has undergone a significant transformation over the past few years. It has become one of the systemically important components of the financial ecosystem and has shown steady year-on-year growth. NBFCs have succeeded and grown by implementing innovative schemes, low-cost structures and offering customer-centric solutions.

Small finance banks and payments banks are expected to further the Government's aim of financial inclusion. These banks will help bring the largely unorganised remittances and payment systems in India into the fold of an organised financial architecture.

The technological and digital consumer trends will need NBFCs to develop solutions for upcoming opportunities. Going ahead, NBFCs will have to strive for enhanced customer experience, digital sales and operations, advanced credit and collections and pricing systems.

Government initiatives like smart cities, improvement in the ease of doing business and enhanced focus on infrastructure development will create greater demand for credit. Also, drive for Digital India and e-commerce growth will provide impetus to the SME sector and consequently, to credit demand. On the other hand, retail consumption is also going to rise significantly. Across urban and rural India, a significant potential for financial services growth is visible, enhancing opportunities for market participants like IndoStar.

The housing finance business is also poised for attractive growth. The Government's agenda of 'Housing for all' and an overall scenario of easing interest rates trajectory are likely to bolster the sector. The Government has also raised the tax benefit for new home buyers with a budget of ₹ 50 Lakh, which augurs well for the housing finance sector as a whole.



The technological and digital consumer trends will need NBFCs to develop solutions for upcoming opportunities. Going ahead, NBFCs will have to strive for enhanced customer experience, digital sales and operations, advanced credit and collections and pricing systems.

The Company has applied for HFC license with the National Housing Bank, which is under process. In 2015, it launched SME lending for businessmen and professionals like lawyers, architects, doctors and CAs. The lending, with a ticket size ranging from ₹ 30 Lakh to ₹ 5 Crore and tenure up to 15 years, is secured by way of collateral and cash flows.

The Company's SME book touched ₹ 223 Crore as on March 31, 2016 and four branches began operations during the year. The Company also plans to expand its footprint across the financial ecosystem. Infrastructure financing and long-term project financing are on the Company's radar for potential entry in the foreseeable future.

SME Lending, with a ticket size ranging from

₹ 0.3 Cr

to ₹ 5 Cr

and tenure up to 15 years, is secured by way of collateral and cash flows.

The Company's SME book touched

₹ 223 Cr

as on March 31, 2016 and four branches began operations during the year.

Driving an Ambitious Growth Strategy

As a consistent value creator for stakeholders, IndoStar's strategic priorities comprise the following:



Minimising the risk profile

Since inception, the Company has adopted a conservative operating philosophy, and will continue to follow the same approach, even as it forays into other businesses. Its approach is based on its focus on sustainable and consistent growth, which will yield predictable risk-adjusted returns.

Driving the SME business

IndoStar first established its business of structured corporate lending and after achieving stability and growth momentum it entered the SME lending, offering loan against property to SME customers. The Company offers loans to self-employed professionals against property as collateral. It has presence in key cities like Mumbai, Delhi, Pune and Bengaluru. The Company plans to adopt a hub-and-spoke model, where it will be operating from the principal city and offer product to neighbouring areas for further growth of its SME business.



— Total Revenue
₹ **644 Cr**

— Total Loan Book
₹ **4,265 Cr**

Sharpening capabilities

In a dynamic operating environment, the Company will continue to add value by improving its capabilities for execution excellence. Innovation is deeply engrained in the Company's corporate ethos; and it strives hard to instil a culture of enterprise-wide innovation. The overriding objective at IndoStar is to anticipate customer demand, introduce efficiency and integrate operations through better use of information technology.

Speed is critical to the customer, while ensuring high asset quality and business continuity. Automation at every level is therefore the key to improved efficiency. The Company has always been proactive in investing in innovative technologies to deliver best-in-class products and services; and is accelerating its drive for digitisation.

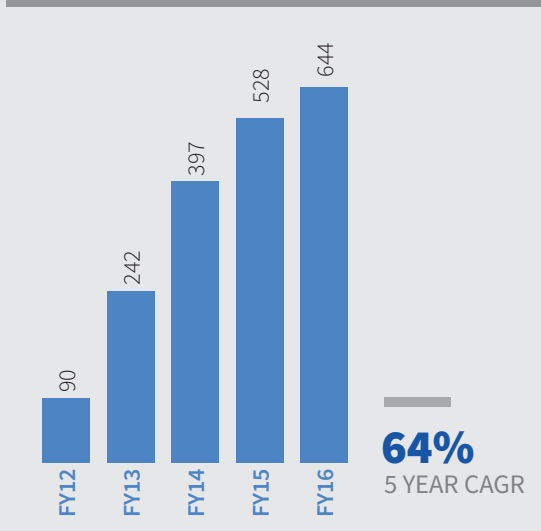
Foraying into housing finance

The Company is actively considering the possibility of entering into the housing finance business in FY 2016-17. India's housing sector has a strong growth potential in the coming decade, as it thrives on tremendous growth opportunities linked with the country's development cycle and socioeconomic transformation. The Real Estate (Regulation and Development) Act is expected to modify traditional practices; and bring out a more professional approach among developers. The law envisages improving governance, transparency and accountability in the sector, which will immensely benefit developers focusing on stringent deadlines and quality delivery.

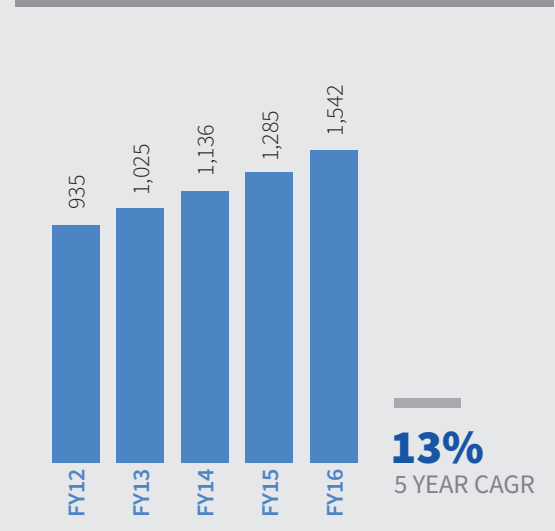
Financial Highlights

Over the past five years, IndoStar has significantly enhanced its size, scope, asset profile and ratings of its businesses. This is reflected in its promising financial performance.

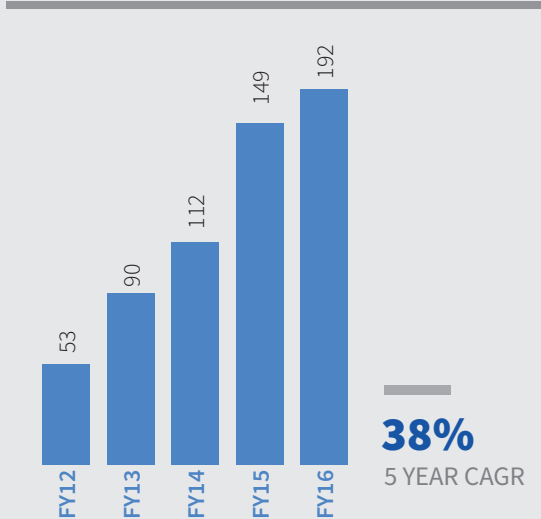
Total Income (₹ Crore)



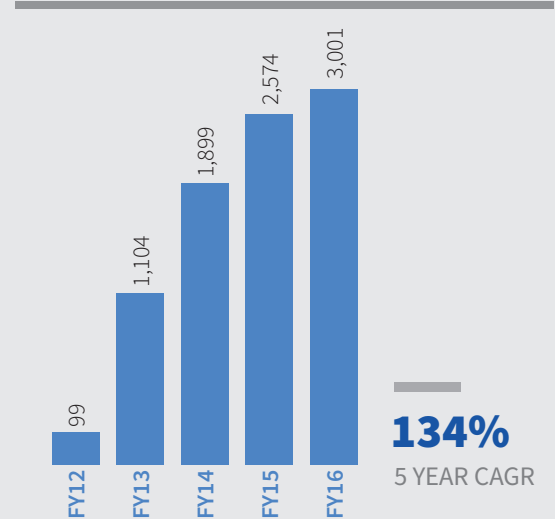
Net Worth (₹ Crore)



Profit after Tax (₹ Crore)

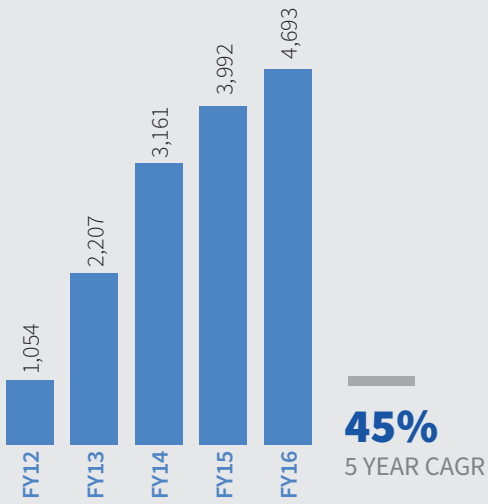


Borrowings (₹ Crore)

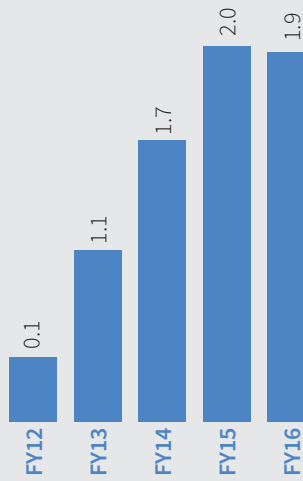




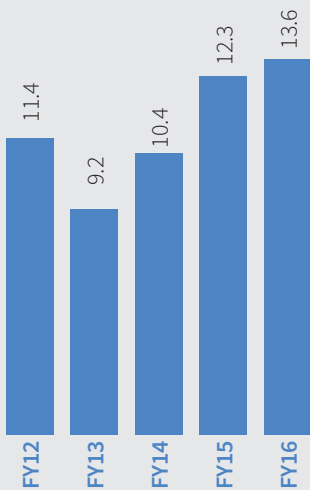
Total Assets (₹ Crore)



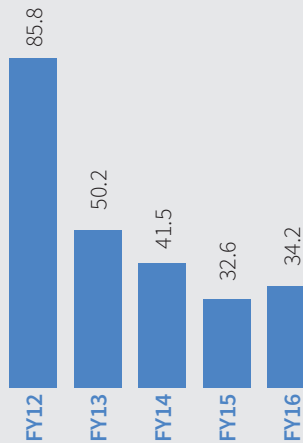
D/E Ratio



Return on Equity (%)



Capital Adequacy Ratio (%)



Our Eventful Journey

In the last five years, IndoStar has emerged as a leading independent credit institution with high benchmark of asset quality and customer satisfaction.

FY 2013

Total Income
₹ **242 Cr**

Net Profit
₹ **90 Cr**

Net Worth
₹ **1,025 Cr**

Disbursals cumulatively worth
₹ **4,184 Cr**

Loan Book
₹ **1,833 Cr**

FY 2012

Total Income
₹ **90 Cr**

Net Profit
₹ **53 Cr**

Net Worth
₹ **935 Cr**

Disbursals worth
₹ **1,269 Cr**

Loan Book
₹ **869 Cr**

FY 2014

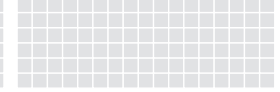
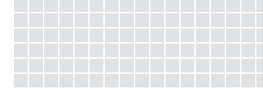
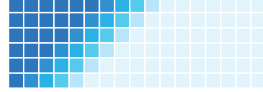
Total Income
₹ **397 Cr**

Net Profit
₹ **112 Cr**

Net Worth
₹ **1,136 Cr**

Disbursals cumulatively worth
₹ **7,133 Cr**

Loan Book
₹ **2,633 Cr**



FY 2015

Total Income
₹ 528 Cr

Net Profit
₹ 149 Cr

Net Worth
₹ 1,285 Cr

Disbursals cumulatively
worth
₹ 10,457 Cr

Loan Book
₹ 3,429 Cr

FY 2016

Total Income
₹ 644 Cr

Net Profit
₹ 192 Cr

Net Worth
₹ 1,542 Cr

Disbursals cumulatively
worth
₹ 14,505 Cr

Loan Book
₹ 4,265 Cr

Our Clients




omkar

Omkar
₹ 838 Cr

Structured Finance
- Joint Lender

February 2015, June 2014,
April 2013, December 2012




Total Environment

Total Environment
₹ 255 Cr

Structured Finance
- Sole Lender

March 2014




ReGen[®]
POWERTECH

ReGen Powertech
₹ 155 Cr

Corporate Loan
- Sole Lender

February 2014, March 2012,
October 2011




KANAKIA
PERFECTION ALL THE WAY

Kanakia
₹ 800 Cr

Structured Finance
- Sole Lender

November 2015, September 2014,
December 2012, April 2016




Prabhat
Fresh Dairy • Milk Ingredients • Co-manufacturing

Prabhat
₹ 240 Cr

Structured Finance
- Sole Lender

May 2014




ESSEL PROPACK

EsSEL Propack
₹ 140 Cr

Term Loan
- Sole Lender

March 2013



KALPA-TARU[®]

Kalpa-Taru
₹ 280 Cr

Term Loan
- Sole Lender

September 2014




PURANIKS[™]
Ideas that stay with you

Puraniks
₹ 435 Cr

Structured Finance
- Sole Lender

March 2013, September 2014,
November 2015, April 2016



PRISM
CEMENT

Prism Cement
₹ 140 Cr

Structured Finance

February 2013, May 2013



JITF

₹ 210 Cr

Non-Convertible Debentures
- Sole Lender

March 2013, May 2015



DB Corp Ltd

D B Corp Ltd

₹ 75 Cr

Corporate Loan
- Sole Lender

July 2013



The Logistics Hub

Continental Warehousing Corporation (Nhava Seva) Limited

Continental Warehousing

₹ 110 Cr

Structured Finance

May 2015



S. Chand

₹ 100 Cr

Structured Finance
- Sole Lender

March 2014



AU Financiers

₹ 74 Cr

Structured Finance
- Sole Lender

December 2011, July 2012



KEI Industries

₹ 150 Cr

Term Loan

February 2015



IL&FS Transportation

₹ 100 Cr

Structured Finance
- Joint Lender

August 2013



Axis Bank*

₹ 70 Cr

Structured Finance
- Sole Lender

March 2012

*Structured exposure - credit risk is on Axis Bank



Asahi

₹ 150 Cr

Term Loan

February 2015

Board of Directors

Sameer Sain
DIN: 01164185

Mr. Sain has over two decades of experience in a range of roles in corporate and retail finance, investment and institutional wealth management as well as Special Investment Group. Mr. Sain holds a BBA from the University of Massachusetts at Amherst and an MBA from Cornell University, USA. He is on the Board of IndoStar Capital Finance Limited as a representative from Everstone Capital.

L. Brooks Entwistle
DIN: 00561480

Mr. Entwistle has almost three decades of experience in private equity and investment banking. He holds an AB from Dartmouth College and an MBA from Harvard Business School. He is on the Board of IndoStar Capital Finance Limited as a representative from Everstone Capital.

Dhanpal Jhaveri
DIN: 02018124

Mr. Jhaveri has over 23 years of experience in investments, corporate strategy, M&A and investment banking. He holds a Bachelor of Commerce degree from the University of Mumbai and an MBA from Babson College, Graduate School of Business, USA. He is on the Board of IndoStar Capital Finance Limited as a representative from Everstone Capital.

Deepak Shahdadpuri
DIN: 00444270

Mr. Shahdadpuri has over 18 years of successful private equity, venture capital experience and is an active angel investor focusing on businesses with a strong emphasis on food and beverage value chain. He holds LLB (Hons) degree from King's College, University of London; an MBA from INSEAD, where he graduated in the Deans' List; and FCA from the Institute of Chartered Accountants of England and Wales. He is on the Board of IndoStar Capital Finance Limited as a representative from Baer Capital.

Alok Oberoi
DIN: 01779655

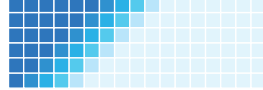
Mr. Oberoi has almost three decades of experience of which he has 14 years in Private Wealth Management and around 15 years in Principal Investments and Private Wealth Businesses. He holds a Bachelor of Science from Cornell University and an MBA from S. C. Johnson Graduate School of Management. He is on the Board of IndoStar Capital Finance Limited as a representative from ACPI.

Shweta Bhatia
DIN: 03164394

Ms. Bhatia has over 14 years of experience in private equity. She received her Bachelor of Arts degree magna cum laude in Economics and Computer Science from Smith College, Massachusetts and holds an MBA from Harvard Business School. She is on the Board of IndoStar Capital Finance Limited as a representative from Goldman Sachs.

Eric Stuart Schwartz
DIN: 03510540

Mr. Schwartz has nearly three decades of financial services experience. He completed his MBA and graduated with a B.S.E. (summa cum laude) from the Wharton School, University of Pennsylvania, USA. He is on the Board of IndoStar Capital Finance Limited as an Independent Director.

**Bobby Parikh**
DIN: 00019437

Mr. Parikh has over 28 years of experience in advising clients in the areas of entry strategy, business model identification, structuring a business presence, M&A and other business re-organisations. He holds a Bachelor of Commerce degree from the University of Mumbai and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He is on the Board of IndoStar Capital Finance Limited as an Independent Director.

Ravi Narain
DIN: 00062596

Mr. Narain has been with the National Stock Exchange (NSE) since its inception, and was the MD & CEO of the Exchange for 12 years, before he joined the NSE Board as Vice Chairman in a non-executive position. He has a degree in Economics from Cambridge University, UK and a degree in Business Administration (Finance) from Wharton School, University of Pennsylvania, USA. He is on the Board of IndoStar Capital Finance Limited as an Independent Director.

D. Sivanandhan
DIN: 03607203

Mr. Sivanandhan is a highly regarded retired IPS Officer with an illustrious career spanning 36 years. He retired as a DGP of Maharashtra Police in 2011. He has also served as Commissioner of Police of Nagpur, Thane city and Mumbai. He worked with the RBI as Security Advisor for the last three years. He is a Post Graduate in Economics and holds a Masters in Arts from the University of Madras. He is on the Board of IndoStar Capital Finance Limited as an Independent Director.

Vimal Bhandari
DIN: 00001318

Mr. Bhandari, Managing Director and CEO at IndoStar Capital Finance Limited is responsible for the overall supervision, management and functioning of the organisation. He has over three decades of experience in the financial services industry. He is a Chartered Accountant from ICAI and a Commerce graduate from Mumbai University.

Shailesh Shirali
DIN: 06525626

Mr. Shirali, Whole-Time Director at IndoStar Capital Finance Limited is responsible for the Corporate Lending and Markets business of the Company. He has over 23 years of experience in the financial services space and has held several senior positions in the area of corporate lending and structured finance. He holds a Bachelor of Commerce degree from the University of Mumbai and is a qualified Chartered Accountant.

CFO**Pankaj Thapar**
Chief Financial Officer

Mr. Thapar is responsible for the Company's finance and business support functions. He has over three decades of experience across banks and major corporates. He holds a Bachelor of Commerce degree and an MBA from the University of Delhi.

Letter to the Shareholders

It is now widely accepted that the process of global economic recovery is going to be a long and tortuous one. We will see growth in fits and starts, but the pattern will be highly inconsistent and fragile to unpredictable headwinds. FY 2016 was not an exception to the pattern. Economic activity during the year was marked by a modest improvement in advanced economies and sluggish growth in emerging and developing economies.

Profit After Tax
₹ **192 Cr**

SME Loan Book
₹ **223 Cr**

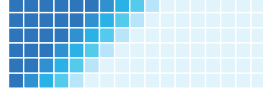
India's stellar economic performance has attracted worldwide attention and acclaim during the year. According to the International Monetary Fund (IMF), India's economic growth should pick up to 7.5% in FY 2017 driven by a fall in oil prices and relatively low exposure to current global financial turmoil. With forecasts of an average monsoon, growth estimates could be even higher. The fundamentals are showing strong trends, which validate the expected growth in the economy.

I believe there are several reasons to be optimistic. The Government has implemented a series of measures to improve sentiments and remove hurdles to economic growth. India's new era of reforms will grow from strength to strength, encompassing all sectors of the economy, including the financial sector.

NBFCs over the years have played a vital role in the economy by empowering the unbanked masses and catering to their financial requirements. From large infrastructure financing to small microfinance, the sector has renewed itself over time and has found ways to address debt requirements of every sector of the economy. The industry has also responded confidently to regulatory efforts to identify risks and to address such risks through regulations. Over time, the sector has progressed from being fragmented and informally governed to being well regulated; and in many instances, adopted best practices in technology, innovation and risk management as well as governance.

IndoStar with its customer focus and superior execution skill, has been able to weather the storm successfully and come out in stellar colours during the year. FY 2016 was a landmark year for us, because we completed five years of operations, living up to the expectations of our customers and stakeholders.

We have widened our offerings across the SME financing spectrum. We entered the SME sector in March 2015, with a focus on lending to businessmen and professionals and closed the first year with a loan book of ₹223 Crore. Going ahead, we plan to ramp up the SME lending business, and build a healthy loan book with good geographical diversification.



We have incorporated a housing finance company named IndoStar Home Finance Private Limited. Housing is a critical necessity for a developing country like India with a billion-plus population. The Government's focus on affordable housing through the 'Housing-For-All by 2022' initiative is likely to create an enabling and supportive environment for expanding credit flow and increasing home ownership.

The Company recorded an excellent financial performance with significant growth in assets, revenues and profits. The loan book at ₹ 4,265 Crore as on 31st March 2016, registered a CAGR of 49% in the last five years, while PAT registered 38% increase during the same period. A combination of improving volumes, productivity and healthy credit quality resulted in an increase in our profit after tax by 29% to ₹ 192 Crore in the financial year ending March 2016.

Our performance is catalysed by a value-accretive mix of a diverse lending portfolio; and we are governed by a conservative operating philosophy that balances risks and returns in a judicious manner. We have sustained growth at a comfortably attractive level, because of our focus on quality, rather than quantity of loans. The combination of a well-defined risk appetite framework, relentless focus on credit quality, emphasis on reshaping the asset book towards secured business and use of sophisticated analytics have stood us in great stead in all these years.

The business remains well funded with focus on building long-term bank funding, which is more stable. Suitable liquidity buffers in terms of cash and equivalents are maintained by us to be sufficiently funded for near-term lending and repayments. Over the years, funding resources have been vastly diversified, giving us the stimulus to grow with confidence. IndoStar has lines of credit with 25 banks and around 18 mutual fund houses.

Our risk management framework influences the portfolio mix, delivers anticipated returns, enhances enterprise-wide risk return proposition and ensures adequate capital and resource deployment. We have continued to invest in building a strong talent pool and we provide an encouraging environment for individuals to learn and grow, and teams to win.

Our human resources policies are designed to ensure a healthy and safe workplace, provide equal opportunity and encourage diversity.

It has been a great learning experience and the journey of building long-term partnerships has been rewarding. We began with a clear purpose, pursued our goals sincerely and built an organisation on strong pillars of integrity, transparency and ethical business practices. We will continue to chart our future growth trajectory with the same values, ethics and principles.

I am deeply grateful to our shareholders, our team, our customers and business partners who have always supported us, and have placed their trust in our vision and capabilities.

Regards,

Vimal Bhandari

Managing Director &
Chief Executive Officer

Management Discussion and Analysis

Economy Overview

Global

During FY 2015-16, global economic growth fell short of expectations and remained uneven across geographies. The global economy stumbled in the face of weakening demand, declining commodity prices and increasing financial market volatility in major economies. Oil prices continued to decline, putting a pressure on oil exporters. The Eurozone economy was sustained by a variety of tailwinds in FY 2015-16.

These involved falling energy prices, expansive monetary policy by the European Central Bank, steadily declining unemployment, and a comparatively weak euro. The rebalancing of the Chinese economy, low commodity prices and geopolitical tensions in West Asia continued to weigh on growth prospects for the emerging world during the year. Subdued economic activity amid disinflationary conditions prompted many key central banks to further ease monetary policy through a combination of conventional and unconventional tools.

Global Growth Particulars	(%)			
	Actual		Projections	
	2014	2015	2016	2017
World Output	3.4	3.1	3.2	3.5
Advanced Economies	1.8	1.9	1.9	2.0
United States	2.4	2.4	2.4	2.5
Euro Area	0.9	1.6	1.5	1.6
Japan	0.0	0.5	0.5	-0.1
United Kingdom	2.9	2.2	1.9	2.2
Other Advanced Economies*	2.8	2.0	2.1	2.4
Emerging and Developing Economies	4.6	4.0	4.1	4.6
China	7.3	6.9	6.5	6.2

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom and United States) and Euro area countries.

Source: International Monetary Fund (IMF)

India

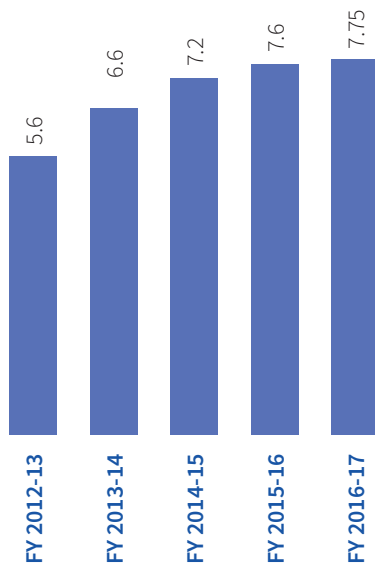
The Indian economy demonstrated resilience in maintaining growth during a period of subsiding global demand, falling commodity prices and weakening growth in emerging economies. The country's GDP grew by 7.6% during FY 2015-16, making it one of the world's fastest growing, large economies. It was acknowledged as a bright spot in the global economic scenario by both, the World Bank and the IMF. India strengthened its economic fundamentals on the back of favourable commodity prices, lower crude oil prices, robust government reforms, and an encouraging macroeconomic environment.

Inflation declined rapidly in the past year and is expected to remain within the estimated range. Both CPI and WPI inflation have been at comfort levels and within the target set by the monetary experts. Average CPI inflation in FY 2015-16 decelerated to 4.9% from 6.0% in FY 2015-16. India's trade deficit has seen noteworthy improvement in FY 2015-16 with decline in both imports and exports. The medium term fiscal roadmap is maintained at 3.5% for FY 2016-17 and 3% for FY 2017-18.

Financial Industry Overview

The financial markets in India have witnessed significant growth in the last two decades. During FY 2015-16, the Government introduced various measures to further boost the financial services sector. Some such measures include the evolution of payment banks and small finance banks, the new bankruptcy law, the new pension scheme and gold monetisation scheme. Given the belief associated with selling financial products, going forward, there needs to be a right mix of trust, customer engagement, value addition and technology to provide an 'end-to-end customer experience'.

GDP Growth (% Y-O-Y)



Source: CSO, Economic Survey

New Developments in the financial services sector

Payments Bank

The primary aim of setting up a payments bank is to strengthen the foundation of financial inclusion by widening the spread of payment services and deposit products to small businesses, low-income households and other unorganised entities in a secured technology-driven environment. A payments bank can accept demand deposits, issue ATM/ debit cards/ PPIs and offer remittance services and internet banking services. Moreover, it can also undertake non-risk sharing simple financial services activities not requiring any commitment of their own funds, such as distribution of MFs, insurance products and pension products, among others and undertake bill payments. A payments bank cannot undertake lending activities, issue credit cards, accept NRI deposits or become a 'virtual' bank or branchless bank.

Business Model

Value Proposition of a Traditional Bank	Value Proposition of a Payments Bank
Focus on all customer segments - retail, MSMEs and corporates; unbanked population targeted only for fulfilling regulatory obligations	Financial inclusion and unbanked/under-banked population are the priority target market
Follow Brick and Mortar 'Branch' centric distribution model	Though internet banking services have been encouraged, the RBI does not envisage a payments bank to become 'virtual' or branchless bank
Cost to serve unbanked population is traditionally high	Cost to serve unbanked population is lower due to technology adoption, right from the inception
Offer variants across entire product range of accounts, deposits, payments and credit; credit is the primary product for revenue generation	Focus on only simple accounts, deposit products and transactions; fee earned from transaction is primary product for revenue generation

	Value Proposition of a Traditional Bank	Value Proposition of a Payments Bank
Enablers		
	Adopt outsourcing of only administration and other non-core functions	Strong focus on technology and IT infrastructure. Only core banking operations such as risk management, treasury, finance and accounts expected to be in-house
	Follow asset-heavy approach by investing in technology, infrastructure, office space and branches, among others	Follow asset-light approach with pay per transaction for technology, customer acquisition, collections and transactions, among others
	Technology plays only an enabling role in a few functions and processes	Technology is the backbone and plays a central role across all functions and processes
	Heavy and continual investment in technology and lower ROI due to leverage and legacy issues	Cost-efficient technology platform to reduce the overall cost of transaction

Source: Deloitte

Small Finance Banks

Small finance banks are another step to bring the unbanked into the realm of the banking system. These banks will provide banking products to the country's unserved and underserved sections, including small and marginal farmers, micro and small industries, and other organised sector entities, at an affordable cost.

What they can do	What they cannot do
★ Allowed to take deposit of any amount	★ Lend to big corporates and groups
★ Can lend but the focus will be on small lending	★ Cannot open branches without prior RBI approval for first five years
★ Can finance small business units, small and marginal farmers, micro and small industries and unorganised sector entities	★ Other financial activities of the promoter must not mingle with the bank
★ Can provide remittances as well as credit cards	★ It cannot set up subsidiaries to undertake non-banking financial services activities
★ Allowed to issue ATM or debit cards	★ Cannot be a business correspondent of any bank
★ Ensure that 50% of loan portfolio constitutes advances of up to ₹ 25 Lakh	
★ Can distribute financial products like mutual funds, insurance and pension products	

Both categories of new banks have significant roles to play as India has a very large untapped market. The new banks will supplement the existing financial services segment and there will be opportunities for players to develop mutually-favourable partnerships. The Government's focus on manufacturing, infrastructure, digitisation and urbanisation will present several prospects for business, going forward. Rising incomes and positive demographics will also provide opportunities for growth of financial services in India.

Peer-to-Peer Lending

The Reserve Bank of India (RBI) has initiated steps to guide the development of the promising and hitherto unregulated peer-to-peer (P2P) lending business. Online P2P lending companies work as marketplaces that bring individual borrowers and lenders together for loan transactions without the intervention of traditional financial institutions such as banks and NBFCs. The RBI has proposed registering P2P lending platforms as non-banking financial companies (NBFCs).

New Bankruptcy Law

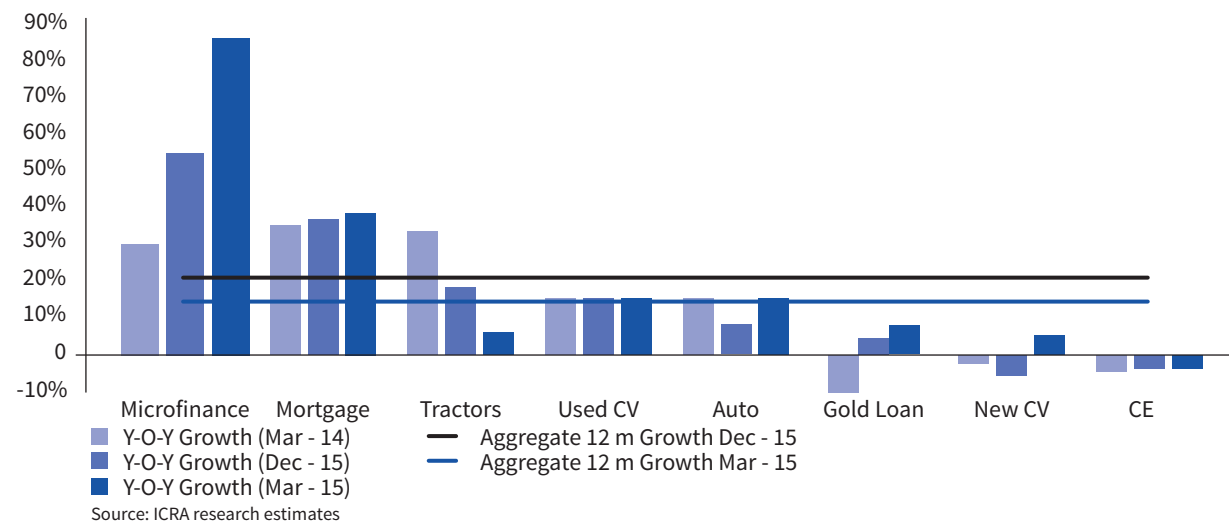
The Government introduced the 'Insolvency and Bankruptcy Code 2015' to provide a resolution for insolvency. It provides for development of an 'Insolvency and Bankruptcy Board of India'. This entity will regulate professionals, agencies and information utilities engaged in resolution of insolvencies of companies, as well as partnership firms and individuals. It will ensure time-bound settlement of insolvency, enable faster turnaround of businesses and create a database of serial defaulters. This will be an important facilitator for lenders to get faster resolution for problem loans.

NBFC Industry

NBFCs continue to play a pivotal role in driving growth and entrepreneurship in the country. They have played a crucial role in promoting entrepreneurial spirit, supporting the Government's 'Make in India' campaign. Besides, schemes like Pradhan Mantri Jan Dhan Yojana provide immense opportunity for this industry. Various NBFCs, catering to diverse sectoral needs, continue to address the debt requirements of borrowers, thereby partnering in their growth and contributing to the economy. The sector continues as an ideal alternative to conventional banking, making substantial strides towards the objective of financial inclusion. The sector has seen remarkable growth in recent times, responding to the changes and requirements of the country's dynamic financial system.

The role of NBFC's is recognised as complementary to the banking sector, as a result of execution of pioneering marketing strategies, introducing tailor-made products, customer-oriented services, and transparent procedures, among others. NBFCs have been at the lead of catering to rural and semi-urban areas. Through strong relationship at the grassroots level, they have created a medium to communicate with this segment, thereby effectively serving this section. According to Assocham and PricewaterhouseCoopers (PwC), NBFCs have recorded a healthy compounded annual growth rate (CAGR) of 19% over the past few years, comprising 13% of financial assets. It is expected to reach nearly 18% by FY 2018-19. Moreover, improving macroeconomic conditions, higher credit penetration, increased consumption and disruptive digital trends will allow NBFCs' loan assets to grow at a healthy rate of 7-10% over the next five years. NBFCs' access to cheaper funding sources and improving operating efficiencies could help them preserve adequate pre-provisioning operating profit buffers to cushion rising credit costs.

NBFC Credit Growth across Segments



NPA

The gross NPA percentage of retail-focused NBFCs (excluding captive financiers) steadied at 4.3% in December 2015, as against 4.1% in June 2015. This is higher than the 3.4% of March 2015, largely due to the shift by NBFCs to tighter NPA recognition norms.

(Source: ICRA)

Government Initiatives

- ★ Non-banking financial companies shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts (NPAs)
- ★ FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities, which are regulated by financial sector regulators

- ★ The Pradhan Mantri Mudra Yojana (PMMY) will benefit the entrepreneurs at the bottom of the pyramid. Banks and NBFC-MFIs have reported that the amount sanctioned under PMMY had reached about ₹ 1 Lakh Crore to over ₹ 2.5 Crore borrowers by early February 2016, while the target next year is raised to ₹ 1,80,000 Crore
- ★ It is proposed to provide additional options to banking companies and financial institutions, including non-banking financial companies, for reversal of input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans and advances with effect from April 1, 2016
- ★ First home buyers are given deduction for additional interest of ₹ 50,000 per annum for loans up to ₹ 35 Lakh sanctioned during the next financial year, provided the value of the house does not exceed ₹ 50 Lakh
- ★ Proposed to make necessary amendments in the SARFAESI Act 2002 to enable the sponsors of Asset Reconstruction Companies (ARCs) to hold up to 100% stake in the ARC and permit non-institutional investors to invest in securitisation receipts

Growth Drivers

SME Sector

Small and Medium Enterprises (SMEs) are driving India's economic growth by contributing 45% to industrial output, 40% to exports, besides providing employment to over 70 million people. While SMEs are vital in integrating any economic system in the society, they face several challenges, the most prominent amongst them being the availability of low-cost and timely finances for growth and expansion. SMEs need suitable finance to meet their needs at each stage of their life cycle – right from conception through operation, development, reorganisation, recovery and beyond.

In this situation, where SMEs are faced with toughest competition, what SMEs as borrowers need are rates that are competitive compared to other available options. There is a need for a constructive approach, which involves innovative lending from the financial sector and improved corporate governance systems in the SME sector. This can lead to a developing flow of finances to SMEs. According to CRISIL, loan against property segment for SMEs is expected to grow to ₹ 5 Lakh Crore by FY 2018-19; and NBFCs are expected to contribute nearly half of this.

The Government through its Make in India and Digital India initiatives is also leading the effort to tap the potential of SMEs. The vision is to help increase the SMEs' share of GDP to 20-25% by 2025. These initiatives are expected to help overcome awareness barriers, technological hurdles, funding and training obstacles that surround the SME sector.

Digital Enablistation

According to a Morgan Stanley report on global technology and telecom, the country's smartphone market will grow at a CAGR of 23% through 2018. The financial services sector has been one of the largest users of smart phone technology in terms of customer access and customer servicing.

NBFCs can create business expansion strategies by linking the benefits of latest technologies with their focus on customers to create innovative products, customised to meet specific customer requirements. The digital arena has offered NBFCs with a huge opportunity to attract new customers, lower costs, develop new schemes and business models, as also to explore customer value to the fullest. Leading towards digital transformation would entail improved user experience through collaborative interfaces, advanced mobile technology, enhanced digital security and channel integration, besides enriched understanding of customer behaviour through digital analytics.

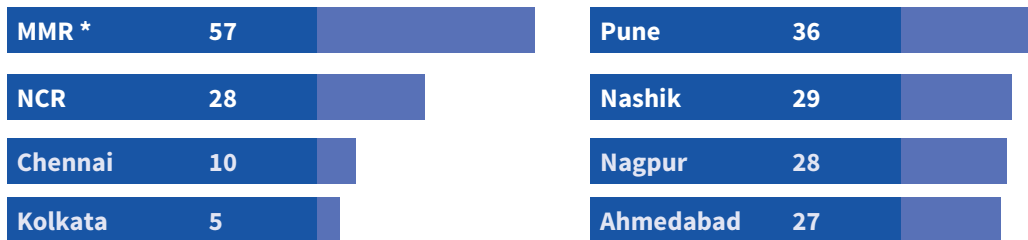
Housing Sector

According to research agency, the shortage of urban housing across the country will increase to an estimated 3.41 Crore units by 2022. This will be primarily driven by increasing demand-supply gap and rising levels of income among the working class seeking to purchase houses. Demand for affordable housing is also expected to rise following the measures announced in the Budget 2016-17. The increase in tax benefit for new home buyers with a budget of ₹ 50 Lakh augurs well for housing finance companies. First-time home buyers will get an additional interest deduction of ₹ 50,000 in 2017 (the current deduction is ₹ 1,50,000), if the loan availed does not exceed ₹ 35 Lakh and the cost of the house is restricted to ₹ 50 Lakh. Increasing urbanisation, growing focus on the sector by the government and rising income and aspirations are expected to drive the affordable housing market.

NBFCs over the years have played a vital role. They have been at the forefront of catering to the financial needs of the unbankable masses in the rural and semi-urban areas through their strong linkage to these segments. They are able to gain market share due to their strong origination skills, focused approach, niche marketing, customer service orientation and diverse channels of sourcing business. It is expected that they will maintain a robust position in the Indian housing finance market in the near future.

HIGHER DEMAND

Annual Supply of flats below 30 sq m in metros around 9,000 units (in %)



* Mumbai Metropolitan Region

Source: Consultancy firm Liases Foras

Opportunities and Threats

Opportunities

- ★ Long-term positive economic outlook will lead to opportunity for NBFC services
- ★ Regulatory reforms would aid greater participation by all class of investors
- ★ Leverage technology to enable best practices and processes
- ★ Distribution reach to access sectors where traditional banks do not lend

Threats

- ★ Short-term economic slowdown impacting investor sentiments and business activities
- ★ Slowdown in global liquidity flows
- ★ Increased intensity of competition from local and global players
- ★ Execution risk – Competition, talent acquisition/retention and training of existing staff

Outlook

NBFCs continue to be an integral part of the country's financial service ecosystem. The expected reforms and drive towards various core sectors will provide more opportunities to the NBFCs to create significant financial inclusion and employment opportunities across the country. In line with the government's vision to attain inclusive growth, the next step is to include the unbanked population in the formal financial system.

This will empower them and result in a significant increase in the average per capita income. Government policies, combined with financial services industry's efforts to look for growth, will help augment financial inclusion.

Going ahead, partnerships with payments banks, bill payment providers and other financial institutions, such as insurance and asset management companies, will support NBFCs to offer the complete proposition - from deposits to lending, investments and transactions.

Going deeper across the country's unbanked regions, IndoStar is optimistic that it would continue to address a wider customer base through its growing operational network. The Company shall continue to increase its loan book and monitor its margins to ensure sustainable stakeholder returns.

Company Overview

IndoStar Capital Finance Limited (ICF) commenced operations in 2011 and has cemented its reputation as a credible Non-Banking Financial Company (NBFC). It provides structured term finance to corporates and loan against property to SME borrowers. The Company's tailor-made services meet specific customer requirements. IndoStar is the first Indian NBFC to be sponsored by global financial institutions and private equity players, including Everstone Capital and Goldman Sachs, among others.

Portfolio of Offerings

Corporate lending comprises:

- ★ Secured Corporate Lending
- ★ Real Estate Financing
- ★ Capital Market Financing
- ★ Special Situation and Acquisition Financing
- ★ Debt Capital Markets

SME Loans – Loan Against Property

Strengths

IndoStar derives strengths from leading global financial institutions and from a highly-experienced management, good risk management processes, comfortable capital adequacy and liquidity position.

Strong Management Team

IndoStar has a strong management team with qualified and experienced professional from the finance industry. Sponsors include global institutions like Everstone Capital, Goldman Sachs, Beacon India Private Equity Fund, ACPI Investment Managers and CDIB Capital, which are managing billion-dollar investments across the globe.

Disciplined and Rigorous Investment Processes

IndoStar adheres to the highest ethical standards and demonstrates integrity and transparency in all its dealings. While prudent risk-taking aligned with the Company's strategic priorities are fundamental to its business, IndoStar maintains a conservative framework to manage liquidity and capital. The Company continues to maintain high quality of assets on its strong credit, due diligence and collection processes.

Robust Credit Offering

Differentiated product offering in the form of structured products and the ability to customise transactions helps the Company offer better products to its customers. Due diligence and the Company's selective approach to lending ensure the quality of its loan asset portfolio.

Capital Adequacy

IndoStar has strong capitalisation levels and the Company intends to maintain a capital adequacy ratio (CAR) in excess of 20% on a steady basis.

Service Excellence

IndoStar leverages strong relationships with corporate houses and banks as well as in-depth knowledge of regulatory and compliance requirements to structure the best deals for clients.

FY 2015-16 Highlights

- ★ Equity infusion of ₹ 62 Crore by existing shareholders
- ★ SME book grew to ₹ 223 Crore as on March 31, 2016; four new branches opened
- ★ Asset Management – IndoStar Credit Fund raised ₹ 203 Crore – 96% committed
- ★ Incorporation of housing finance company by the name IndoStar Home Finance Private Limited. The Company has made an application for HFC license with National Housing Bank, which is under process
- ★ 38% CAGR in PAT for five years
- ★ Loan book at ₹ 4,265 Crore in five years

Financial Review

Particulars	₹ in Crore	
	2015-16	2014-15
Total Income	644	528
Profit after tax	192	149
Borrowings	3,001	2,574
Net Worth	1,542	1,285
Return on Net Worth (%)	13.6	12.3
Gearing Ratio	1.9	2.0

Revenue: The Company registered a growth of 22%, taking its total income from ₹ 528 Crore in FY 2014-15 to ₹ 644 Crore in FY 2015-16.

Net Profit: The Company's net profit rose by 29%, taking its net profit from ₹ 149 Crore in FY 2014-15 to ₹ 192 Crore in FY 2015-16 on account of improved net interest margins and high loan growth.

Net Worth: The Company's net worth increased by 20% to reach ₹ 1,542 Crore in FY 2015-16.

NPA: Gross NPA ratio stood at 0.23% and Net NPA ratio at 0.19%.

CAR: CAR stood at 34.2%, against 32.6% in FY 2014-15.

Resources: During the financial year, the Company has successfully raised ₹ 2,584 Crore through diversified sources, with ₹ 609 Crore from banks, ₹ 425 Crore from issuance of NCDs and ₹ 1,550 Crore from commercial papers. The Company has a credit rating of A1+ for its short-term borrowings and AA- for long-term borrowings.

Loan book: The Loan Book stood at ₹ 4,265 Crore during the year under review. The Company's loan portfolio comprises: Developer/Project Finance – ₹ 1,717 Crore (40% of total loan book); Mid Corporate Group – ₹ 2,325 Crore (55% of total loan book); and SME Segment – ₹ 223 Crore (5% of total loan book).

Human Capital

IndoStar recognises that its strength lies in a committed and engaged work force. The Company's objective is to enable its team members reach their highest potential in a rapidly changing, hyper-competitive business environment. The Company strives to reward its team members with satisfying career paths that leverage their individual talents, and appropriately incentivise their performances.

During the year, there was a significant increase in the employee strength, primarily owing to the launch of the SME business. The total employee headcount increased from 34 in FY 2014-15 to 74 in FY 2015-16. Some of the key HR initiatives taken during the year included:

Set-up and Launch of SME Business

The launch of the SME business during the year involved acquiring talent from Mumbai, Delhi, Bengaluru and Pune. The Company was able to establish itself in the recruitment market, and hired good-quality resources that have been productive since the launch of the business.

Policies and Processes

Policies and processes were streamlined and enhanced to bring in more scalability. SME business-focused policies were also put in place to accommodate a retail set-up in the organisation.

Building Performance Culture

To recognise employees, the Company launched a formal reward and recognition programme wherein employees are rewarded on a regular basis under various. This has helped in increasing the morale of employees and reinforced positive behaviour. With an involved and inclusive management team, employees regularly get an opportunity to continuously learn on the job. Besides, employees get training from established trainers like CRISIL, VC Circle and Bombay Chamber of Commerce, amongst others.

Employee Retention

With established human capital practices and leadership involvement, the Company has been able to minimise attrition.

Enhancing Employee Engagement

Apart from the usual fun activities to build cohesion in the team, IndoStar also involved employees in some CSR-related activities. This was done with a view to enhance employee engagement. The Company's women employees visited Avasara Foundation and interacted with the organisation's students on topics like the importance of teamwork and leadership, planning their own career paths and learning to become self-reliant.

Information Technology

IndoStar is committed to providing best-of-class services by using technology as a facilitator. The Company has implemented a full capability core loan management and accounting system to effectively manage the loan portfolio with the objective of providing operational, decision-making and regulatory support. The system covers the asset side of the business in addition to account management, core financial accounting, risk management, document management and customer service through the full life cycle of loans for both retail and corporate lending. The system is capable of being used via mobile, tablet and other digital devices.

IndoStar believes in sustainable and green initiatives where possible, including IT. Two notable initiatives:

Server virtualisation: Consolidation of physical boxes into single server to save power.

Green IT procurement: Purchase of LED monitors with power-saving desktop and laptop for users and implementation of multifunction duplex printer at all offices and branches to save paper and energy.

Risk Management

IndoStar has a well-defined and integrated risk management policy that includes a clear understanding of risk, evaluating its impact on the business and taking appropriate actions to counter them. The centralised system for devising the risk management approach rests with the senior management.

Operational Risk: Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people, and systems or from external events. Low turnaround time and inefficiencies could lead to reduced profitability.

Risk Mitigation: A cohesive technology system across operational verticals has helped the Company achieve seamless centralised operations across its network. A well-defined credit policy also helps in faster loan disbursement. Regular internal audits across the branch network ensure establishment of sound operational practices.

Credit Risk: Credit risk refers to the possibility of loss due to a borrower's failure to make payments on any type of debt.

Risk Mitigation: The senior management at IndoStar is involved in prudent lending and due diligence exercises to protect the Company's loan asset portfolio. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval by various committees. Some such committees include the Credit Committee, Risk Management Committee and so on.

Market Risk: Industry risk refers to threat to a particular stock that does not result from problems within the Company but from far more wide-ranging issues involving the entire financial service industry. Therefore, reduced industrial activity could impact demand for financial needs and affect the Company's growth.

Risk Mitigation: The Company has a dedicated Risk Management Committee that evaluates the market conditions and ensures that critical and corrective steps are being taken.

Liquidity Risk: Funding risk is a form of liquidity risk, which arises when the liquidity needed to fund illiquid asset positions cannot be achieved at the expected terms, as and when required. Unavailability of funds at lower cost could affect profitability and lack of adequate funds could impact the business as a whole.

Risk Mitigation: IndoStar has kept pace with the developing regulatory norms and maintained the key financial ratios as per standards. This has been backed with a strong banking association, helping the Company with financial support at regular intervals. The increased financing limits by banks has been supported by regular and timely repayment of loan over the years.

Interest Rate Volatility: Fluctuations in interest rates could adversely affect borrowing costs, interest income and net interest margins of companies in the financial sector.

Risk Mitigation: Being well funded with a strong shareholder base, IndoStar is in a position to tide over such spells.

Internal Control Systems

IndoStar has established thorough internal control systems to monitor and check if all financial statements are issued with complete integrity and reliability. The Company has KPMG as the internal auditor who conducts comprehensive audits of functional areas and operations to examine the adequacy of and compliance with policies, plans and statutory requirements. IndoStar also conducts monthly concurrent audits for effective controls and to oversee operations on a continuous basis.

The Company has adequate internal control systems and procedures covering all financial and operating functions commensurate with the size and nature of operations. Continuous efforts are being made to see that the controls are designed to provide a reasonable assurance with regard to maintaining of accounting controls and protecting assets from unauthorised use or losses. The Audit Committee looks into all internal control aspects and advises corrective actions, as and when required.

The internal control system has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws, regulations and generally accepted accounting principles.

Cautionary Statements

Certain statements in the Management Discussion and Analysis describing the Company's objectives and predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Seventh Annual Report on the affairs of your Company together with the Annual Audited Financial Statements for the Financial Year ended March 31, 2016.

Financial Highlights

The highlights of the Financial Statements of the Company for the Financial Year 2015-16 and Financial Year 2014-15 are as under:

Particulars	₹ in Crore	
	As at March 31, 2016	As at March 31, 2015
Total Income	641.38	528.06
Total Expenditure	349.08	301.97
Profit before Tax	292.30	226.09
Less: Provision for taxation		
- Current Tax	103.07	77.41
- Deferred Tax Asset	(1.79)	(0.39)
Net profit after Tax	191.02	149.06
Transfer to Reserve Fund U/s 45-IC of the Reserve Bank of India Act, 1934	38.20	29.81
Balance brought forward from previous period	316.42	197.17
Balance carried to Balance Sheet	469.23	316.42
Earnings per share (Face Value ₹ 10)		
Basic (₹)	26.66	21.72
Diluted (₹)	26.33	21.43

Financial Performance

During the year under review, the Gross Income of the Company was ₹ 641.38 Crore and the Profit after Tax was ₹ 191.02 Crore (Previous Year: ₹ 528.06 Crore and ₹ 149.06 Crore, respectively). The Company's Net Worth as on March 31, 2016 was ₹ 1,541.22 Crore (Previous Year: ₹ 1,285.27 Crore).

As part of its risk management process and to have a prudent risk provisioning / reserve policy for loan assets, a provision of ₹ 17.16 Crore (Previous Year: ₹ 13.84 Crore) at the rate of 0.40% of outstanding standard assets was made as on March 31, 2016, which is in excess of 0.30% as required pursuant to the Reserve Bank of India (RBI) requirement in this regard.

An amount of ₹ 38.20 Crore (Previous Year: ₹ 29.81 Crore) is transferred to Special Reserve Fund, pursuant to the requirement of Section 45-IC of the RBI Act, 1934.

As a result of its prudent risk management practices, your Company has continued to maintain good asset quality with a Net NPA of 0.19%, in spite of a difficult macro-economic environment.

No material changes and commitments, affecting the financial position of the Company have occurred between the end of Financial Year ended March 31, 2016 and date of this Director's Report.

Consolidated Financial Statements

In terms of Section 129 of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company and its wholly-owned subsidiary companies, IndoStar Asset Advisory Private Limited (IAAPL) and IndoStar Home Finance Private Limited (IHFPL). The Consolidated Financial Statements along with statement containing the salient features of the Financial Statements of the wholly-owned subsidiary companies IAAPL and IHFPL, respectively, in the prescribed Form AOC - 1, forms part of this Annual Report.

The Consolidated Financial Statements of the Company shall be laid before the ensuing Seventh Annual General Meeting of the Company along with the Standalone Financial Statements of the Company.

The Annual Audited Financial Statements of IAAPL and IHFPL are available on the website of the Company and shall be provided to the Members upon request.

Dividend

Your Directors consider it prudent to conserve the resources of the Company for its growth and despite having sufficient distributable profits for the fifth year in a row, do not recommend any dividend on equity shares for the Financial Year under review.

State of Affairs of the Company

The operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report which forms part of this Annual Report.

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

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

Share Capital

During the year under review, the Board of Directors made the first and final call on 90,38,250 partly paid up equity shares of the Company. The Company received call money on 47,34,482 partly paid up equity shares. The remaining 43,03,768 partly paid up equity shares were forfeited due to non-payment of call & cancelled from the equity share capital of the Company. The amount of ₹ 43,038 which had been received as application money on the forfeited and cancelled shares has been transferred to 'Capital Reserve'. Subsequent to forfeiture of the partly paid up equity shares on which the call money remained un-paid, all equity shares in the share capital of the Company stand fully paid up.

Subsequent to the year under review, your Company issued and allotted 3,300 equity shares on exercise of stock options granted to an employee under IndoStar ESOP Plan 2012 and consequently, the issued, subscribed and paid-up capital of the Company has been increased to ₹ 73,35,77,290 (7,33,57,729 equity shares of ₹ 10 each).

Subsidiary Company

IndoStar Asset Advisory Private Limited

IAAPL, a wholly-owned subsidiary of the Company is engaged in the business of providing asset advisory services for debt funds. IAAPL successfully completed its first year of operations in April 2016. IAAPL acts as an Investment Manager to IndoStar Credit Fund ("Fund"), a Category II Alternative Investment Fund registered with the Securities and Exchange Board of India with a corpus of ₹ 203 Crore. During the year under review, IAAPL earned a total revenue of ₹ 2.51 Crore and has recorded a profit after tax of ₹ 0.52 Crore.

IndoStar Home Finance Private Limited

Leveraging the Company's strength and expertise in the secured lending business and in line with its aspirations to be one of the leading financial services company in the country by providing a bouquet of financial products, your Company promoted another wholly-owned subsidiary under the name 'IndoStar Home Finance Private Limited' to primarily engage in the business of providing housing finance. IHFPL has made an application to the National Housing Bank (NHB) for getting registered as a Housing Finance Institution; this application is under consideration.

Pending the receipt of certificate of registration from NHB, IHFPL had not commenced its business operations during the year under review, and hence your Directors are not commenting on the performance and financial position of IHFPL as required in terms of Section 134(3)(q) read with Rule 8(1) of the Companies (Accounts) Rules, 2014.

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

Registered Office

In the Financial Year 2014-15, considering operational convenience, your Directors and the Members on recommendation of the Directors of the Company, had approved shifting of Registered Office of the Company from the State of West Bengal to the State of

Maharashtra. Subsequently, the Company had filed an application / petition with the Regional Director, Eastern Region, Ministry of Corporate Affairs for shifting of the Registered Office of the Company.

During the year under review, the Regional Director, Eastern Region, Ministry of Corporate Affairs, vide order dated August 25, 2015, confirmed the shifting of the Registered Office of the Company. Subsequently, fresh Certificate of Registration was issued to the Company by the Registrar of Companies, Maharashtra, Mumbai and by the RBI, Department of Non-Banking Supervision, Mumbai.

Accordingly, the Registered Office of your Company stands shifted to Mumbai, in the State of Maharashtra, with effect from September 8, 2015.

Directors and Key Managerial Personnel

The composition of the Board of Directors of your Company is in compliance with the circular(s), notification(s), direction(s) and guideline(s) issued by the RBI, the applicable provisions of the Companies Act, 2013 and other applicable laws inter-alia with respect to women director, non-executive director(s) and non-executive independent director(s). The detailed composition of the Board of Directors has been provided in the Corporate Governance Report annexed to this Director's Report.

Appointments of Director(s):

During the year under review, Mr. L. Brooks Entwistle was appointed as an Additional Non-Executive Director with effect from April 23, 2015. In terms of Section 152 read with Section 160 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. L. Brooks Entwistle, who held office upto the date of the sixth Annual General Meeting of the Company, was appointed as a Non-Executive Director of the Company at the sixth Annual General Meeting of the Company.

Mr. Vimal Bhandari was appointed as Managing Director & CEO of the Company and his Employment Agreement with the Company expired on March 31, 2016. On recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on April 11, 2016 approved the re-appointment of Mr. Vimal Bhandari as Managing Director & CEO of the Company. The Members at their Extraordinary General Meeting held on May 9, 2016 accorded their consent for the re-appointment of Mr. Vimal Bhandari as Managing Director & CEO of the Company.

Cessation of Director:

During the year under review, Mr. Atul Kapur, a Non-Executive Director, resigned from the Board and Committees of the Board on which he was serving as a Chairman or Committee Member, with effect from April 22, 2015.

Your Directors place on record their sincere appreciation for the valuable contribution and guidance provided by Mr. Atul Kapur, during his association with the Company.

Director(s) Retiring by Rotation:

In terms of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Dhanpal Jhaveri, Mr. Sameer Sain and Mr. Deepak Shahdadpuri, Directors, being longest in office, liable to retire by rotation shall retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Director(s) Disclosures:

Based on the declarations and confirmations received in terms of provisions of the Companies Act, 2013, circular(s) / notification(s) / direction(s) issued by the RBI and other applicable laws, none of the Directors on the Board of your Company are disqualified from appointment as Directors.

Your Company has received declarations from the Independent Director(s), affirming compliance with the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel:

Mr. Vimal Bhandari, Managing Director & CEO, Mr. Shailesh Shirali, Whole-Time Director, Mr. Pankaj Thapar, Chief Financial Officer and Mr. Jitendra Bhati, Company Secretary are the Key Managerial Personnel of the Company in terms of the Companies Act, 2013.

RBI Guidelines

Your Company continues to fulfill and comply with all the circular(s), notification(s), direction(s) and guideline(s) issued by the RBI, as are applicable to it as a Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company.

In terms of the RBI Master Circular No. 15/2015-16 dated July 1, 2015 on Foreign Investment in India, your Company has obtained a certificate from its Statutory Auditors, certifying that the Company is in compliance with the FEMA regulations with respect to the downstream investments made in its subsidiary companies.

Particulars of Deposits

Your Company being a 'Non-Deposit Accepting or Holding Non-Banking Financial Company' has not accepted deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI.

Accordingly, the disclosure requirements under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

Resources and Liquidity

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds and financial institutions. Funds were raised in line with Company's Resource Planning Policy FY 2015-16, through term loans, issue of secured redeemable non-convertible debentures and commercial paper.

During the year under review, your Company has raised (i) ₹ 609 Crore as bank borrowings (outstanding as on March 31, 2016: ₹ 1,561 Crore), (ii) ₹ 1,550 Crore by issuances of commercial paper (outstanding as on March 31, 2016: ₹ 400 Crore), and (iii) ₹ 425 Crore through issuance of listed, secured, rated, redeemable, non-convertible debentures (NCDs) on private placement basis, to banks, mutual funds and others (outstanding as on March 31, 2016: ₹ 1,049 Crore).

The NCDs issued by the Company are listed on the BSE Limited and the applicable disclosures as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2016 are given at **Annexure I**.

Debt Equity Ratio

Your Company's Debt:Equity ratio as on March 31, 2016 stands at 1.96:1.

Capital Adequacy Ratio

The Capital to Risk Assets Ratio (CRAR) of your Company as on March 31, 2016 stood at 34.21% (Tier I Capital Ratio @ 33.82% and Tier II Capital Ratio @ 0.38%), well above the limit of 15% as prescribed by the RBI for NBFCs.

Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2016 stood at ₹ 1,518.32 Crore, a 20.45% increase over the previous year.

Credit Rating(s)

Short Term Debt Programme

Short Term Debt Programme of the Company is rated by Credit Analysis & Research Limited (CARE), ICRA Limited (ICRA), and CRISIL Limited (CRISIL). During the year under review, the limit of the Short Term Debt Programme of the Company was enhanced from ₹ 500 Crore to ₹ 750 Crore. CARE, ICRA and CRISIL reaffirmed the ratings "CARE A1+" (pronounced "CARE A One Plus"), "[ICRA] A1+" (pronounced "ICRA A One Plus") and "CRISIL A1+" (pronounced "CRISIL A One Plus"), respectively, with respect to the Short Term Debt Programme of the Company, including the amount enhanced during the year under review.

The ratings as mentioned above indicate that the instruments have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

Long Term Debt Programme

Long Term Debt Programme of the Company is rated by Credit Analysis & Research Limited (CARE) and India Ratings and Research Private Limited (Fitch Group). During the year under review, CARE reaffirmed the rating “CARE AA-” (pronounced “CARE Double A Minus”) and Fitch Group assigned the rating “IND AA-” with stable outlook (pronounced “IND Double A Minus / Stable”) to the Long Term Debt Programme of the Company for a limit of ₹ 3,000 Crore.

Subsequent to the year under review, CARE enhanced the limit of the Long Term Debt Programme of the Company, from ₹ 3,000 Crore to ₹ 3,750 Crore.

The ratings as mentioned above indicate that the instruments have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

The Company’s financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies, summarised below:

Instrument	Amount (₹ in Crore)	Rating Agency	Rating
Short Term Debt	750	CARE Limited	“CARE A1+”
		ICRA Limited	“[ICRA] A1+”
		CRISIL	“CRISIL A1+”
Long Term Debt	3,750	CARE Limited	“CARE AA-”
	3,000	India Ratings and Research (Fitch Group)	“IND AA-/Stable”

Auditors

Statutory Auditors & their Report:

During the year under review, S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E/E300005, were appointed as the Statutory Auditors of your Company at the Sixth Annual General Meeting of the Company held on September 30, 2015 for a period of 5 (five) years, from the conclusion of the said Annual General Meeting till the conclusion of the Eleventh Annual General Meeting of the Company.

In terms of the requirements of Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors of the Company is required to be ratified by the Members at every Annual General Meeting of the Company.

Accordingly, the appointment of S. R. Batliboi & Co. LLP, as Statutory Auditors is placed for ratification by the Members at the ensuing Annual General Meeting.

S. R. Batliboi & Co. LLP, Statutory Auditors in their report(s) on the Annual Audited Standalone Financial Statements and Annual Audited Consolidated Financial Statements of your Company for the Financial Year ended March 31, 2016, have not submitted any qualifications, reservations or adverse remarks or disclaimers.

During the year under review, the Statutory Auditors have not reported any incident of fraud to the Audit Committee.

Internal Auditors & their Report:

During the year under review, KPMG, Chartered Accountants, were appointed as Internal Auditors of the Company for the Financial Year 2015-16.

KPMG, Internal Auditors, in their report(s) on the Internal Audit of your Company, have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

Secretarial Auditors & their Report:

During the year under review, M Siroya and Company, Practicing Company Secretary, were appointed to undertake the Secretarial Audit of the Company for the Financial Year ended March 31, 2016. The Report of the Secretarial Auditors in prescribed Form MR-3 is given at **Annexure II** to this Director's Report.

M Siroya and Company, Secretarial Auditors, in their report on the Secretarial Audit of your Company have not submitted any qualifications, reservations or adverse remarks or disclaimers.

Corporate Governance

Your Company is committed to adopt the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the concerned regulator(s) and applicable laws.

The Report on measures / activities undertaken by your Company, as a part of its efforts towards adopting good corporate governance practices, is annexed to, and forms an integral part of this Director's Report.

Board Committees

The Board of Directors of your Company has constituted several Committees to deal with specific matters and has delegated powers for different functional areas to different Committees.

The Audit Committee, the Credit Committee, the Asset-Liability Management Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Debenture Committee and other Committee(s) have been constituted in compliance with various laws applicable to the Company and for meeting internal requirements / operational convenience.

The composition of Committee(s), number of meeting(s) held and attended by respective member(s), roles, powers and responsibilities of the Committee(s) has been provided in the Corporate Governance Report annexed to this Director's Report.

Meetings

Details with respect to the meetings of the Board of Directors and Committee(s) held during the year, including attendance at such meetings have been provided in the Corporate Governance Report annexed to this Director's Report.

Audit Committee

In terms of Section 177 of the Companies Act, 2013 and other applicable laws, your Directors have constituted an Audit Committee consisting of well qualified Directors.

The composition, number of meetings held and roles, powers and responsibilities of the Audit Committee has been provided in the Corporate Governance Report annexed to this Director's Report.

The Board of Directors have accepted and implemented the recommendations of Audit Committee, whenever provided by it.

Performance Evaluation

In terms of the provisions of the Companies Act, 2013, your Company has adopted a Board Performance Evaluation Policy and detailed process for facilitating performance evaluation of the Board, that of its Committee(s) and individual Directors.

During the year under review, performances of the individual Directors on the Board, the Board Committees and the Board as a whole was evaluated by the Nomination and Remuneration Committee and the Board of Directors, respectively. Independent Directors of the Company at their meeting held on March 30, 2016 evaluated the performance of the Non Independent Directors and the Board as a whole.

A statement indicating the manner in which formal evaluation has been made by the Board of its own performance and that of its Committees and individual Directors is provided in the Corporate Governance Report annexed to this Director's Report.

Policy on Appointment of Directors and Senior Management Personnel

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, as amended, your Directors have adopted, ‘Policy on Selection Criteria/ “Fit & Proper” Person Criteria’ for appointment of Directors and Senior Management Personnel of the Company.

The details of the ‘Policy on Selection Criteria/ “Fit & Proper” Person Criteria’ have been provided in the Corporate Governance Report annexed to this Director’s Report.

The Remuneration Policy, Disclosure of Remuneration & Particulars of Employees

In terms of Section 178 of the Companies Act, 2013, your Directors have adopted ‘Remuneration Policy’ of the Company relating to the remuneration of the Executive Directors, Non-Executive Directors, Senior Management Personnel and other Employees of the Company.

The details of the ‘Remuneration Policy’ have been provided in the Corporate Governance Report annexed to this Director’s Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and the Employees of the Company have been provided at **Annexure III** to this Director’s Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to particulars of employees of the Company is available for inspection by the Members at the Registered Office of the Company during business hours on working days. A copy of this statement may be obtained by the Members by writing to the Company Secretary of your Company.

Your Directors hereby confirm that the remuneration paid to the Directors is as per the Remuneration Policy of the Company.

Risk Management Framework

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the businesses and functions, if any, are systematically addressed through mitigating actions on a continuing basis. Your Company has put in place a Board approved “Risk Framework and Policy” for its risk management.

The Risk Management Committee of the Board of Directors of the Company has not identified any elements of risk which in their opinion may threaten the existence of the Company and the Company’s internal control systems are commensurate with the nature of its business, size and complexity of its operations.

The details of the ‘Risk Framework and Policy’ have been provided in the Corporate Governance Report annexed to this Director’s Report.

Internal Control / Internal Financial Control Systems and their Adequacy

To the best of our knowledge and belief and according to the information and explanations obtained by us, and relying on the Report(s) of Statutory Auditors and Internal Auditors of the Company for the Financial Year 2015-16, your Directors are of the view that the internal financial controls with reference to the Financial Statements of the Company were adequate and operating efficiently and further confirm that:

- (i) the Company has comprehensive internal financial control systems that are commensurate with the size and nature of its business;
- (ii) the Company has laid down standards, processes and structures which enable implementation of internal financial controls across the organization and ensure that the same are adequate and operating effectively;
- (iii) the systems are designed in a manner to provide reasonable assurance about the integrity and reliability of the financial statements;

- (iv) the Company adopts prudent lending policies and exercises due diligence to safeguard its loan asset portfolio; and
- (v) the loan approval process involves origination and sourcing of business, credit appraisal and credit approval in accordance with approved processes / levels.

Whistle Blower Policy / Vigil Mechanism

In terms of Section 177(9) and (10) of the Companies Act, 2013, your Company has established and put in place a Board approved 'Whistle Blower Policy/Vigil Mechanism' to provide a mechanism to anyone connected with the Company to approach the Audit Committee of the Company and disclose unethical and improper practices or any other wrongful conduct in the Company and to prevent managerial personnel from taking any adverse personal action against such person(s) for reporting such matters.

The details of the 'Whistle Blower Policy/Vigil Mechanism' have been provided in the Corporate Governance Report annexed to this Director's Report.

Corporate Social Responsibility

In terms of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Directors constituted a Corporate Social Responsibility (CSR) Committee and in light of the Company's philosophy of being a responsible corporate citizen, your Company has adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs in accordance with the provisions of the Companies Act, 2013.

The composition of the CSR Committee and details of the 'CSR Policy' have been provided in the Corporate Governance Report annexed to this Director's Report.

The disclosures in terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 with respect to CSR activities of the Company have been provided at **Annexure IV** to this Director's Report.

Contracts / Arrangements with Related Parties and Related Party Transaction Policy

In terms of the provisions of the Companies Act, 2013 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, your Company has put in place a Board approved 'Related Party Transaction Policy' for the purpose of proper approval and reporting of transactions with related parties.

During the year under review, your Company had not entered into any Related Party Transactions covered within the purview of Section 188(1) of the Companies Act, 2013, accordingly, requirement of disclosure of Related Party Transactions in terms of Section 134(3)(h) of the Companies Act, 2013 in Form AOC – 2 is not applicable to the Company. All other transactions with related parties were in compliance with the Related Party Transaction Policy of the Company and the Company had during the year under review, not entered into transactions with related parties which could be considered to be 'material' in accordance with the 'Related Party Transaction Policy' of the Company.

The details of the 'Related Party Transaction Policy' have been provided in the Corporate Governance Report annexed to this Director's Report.

Particulars of Loans, Guarantees or Investments

In terms of Section 186(11) of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, loans made, guarantees given or securities provided by the Company are exempted from compliance with the requirements of Section 186 of the Companies Act, 2013.

During the year under review, your Company invested an amount of ₹ 10 Crore in the equity share capital of IHFPL, a wholly-owned subsidiary of the Company, in compliance with the applicable provisions of Section 186 of the Companies Act, 2013. Your Company has not made any investments in terms of Section 186(1) of the Companies Act, 2013.

Extract of Annual Return

In terms of Section 134(3)(a) and Section 92(3) read with the Companies (Management and Administration) Rules, 2014 of the Companies Act, 2013, the extract of Annual Return as at Financial Year ended March 31, 2016 in the prescribed Form MGT-9 has been provided at **Annexure V** to this Director's Report.

Employee Stock Option Scheme

Your Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. In order to enable the employees of the Company to participate in the future growth and success of your Company, 'IndoStar ESOP Plan 2012' (ESOP 2012) was adopted by the Company.

In terms of Section 62 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 of the Companies Act, 2013, the disclosures for the Financial Year ended March 31, 2016 with respect to ESOP 2012 have been provided at **Annexure VI** to this Director's Report.

Subsequent to the year under review, in the light of the growth of the Company, increase in business volume and business verticals / financial products within the financial services sector, it was felt necessary that the Company adopts an additional employee stock option scheme in line with the existing ESOP 2012, in a manner which would enable your Company to attract, retain, motivate and incentivise the employees of the Company. Pursuant to a resolution passed by the Members of the Company at their Extraordinary General Meeting held on May 9, 2016, your Company approved and adopted IndoStar ESOP Plan 2016 (ESOP 2016).

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

In terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, your Directors have constituted an Internal Complaints Committee and adopted a 'Care and Dignity Policy'.

During the year under review, no complaints related to sexual harassment had been received by the Internal Complaints Committee.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Your Company being an NBFC, its activities are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is not provided in this Report. Your Company is vigilant of the requirement of conservation of energy.

During the year under review foreign currency expenditure amounted to ₹ 0.20 Crore (Previous Year: ₹ 0.07 Crore). Your Company did not have any foreign exchange earnings.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals

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

Directors Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors hereby confirm that:

- a) in the preparation of the annual accounts the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Appreciations

Your Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, Members, Customers and Employees of the Company for their continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

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

Place: Mumbai
Date: July 15, 2016

Vimal Bhandari
Managing Director & CEO
DIN: 00001318

Dhanpal Jhaveri
Director
DIN: 02018124

Annexure I

Disclosures pursuant to Regulation 53(f) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2016

Related Party Disclosure:

Sr. No.	In the accounts of	Disclosures of amounts at the year end and the maximum amount of loans / advances / investments outstanding during the year	Details
1	Holding Company: IndoStar Capital, Mauritius	★ Loans and advances in the nature of loans to subsidiaries by name and amount	--
		★ Loans and advances in the nature of loans to associates by name and amount	N.A.
		★ Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount	--
2	Subsidiary Company(ies): IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited	★ Loans and advances in the nature of loans to parent by name and amount	--
		★ Loans and advances in the nature of loans to associates by name and amount	N.A.
		★ Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount	--
3	Holding Company: IndoStar Capital, Mauritius	Investment by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	--

Annexure II

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
One IndiaBulls Center, 17th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by IndoStar Capital Finance Limited (hereinafter called the “Company”) for the audit period covering the Financial Year ended on March 31, 2016. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2016 according to relevant and applicable provisions of:

- (i) The Companies Act, 1956 (the ‘Old Act’) and the rules made thereunder;
- (ii) The Companies Act, 2013 (the ‘Act’) and the rules made thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
 - c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. December 1, 2015);
 - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015
- (vii) Based on the representations made by the Company and its officers and our verification of the relevant records, the Company has adequate system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations, Notifications, Circulars, Guidelines and Standards including the following:
 - a) The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;
 - b) Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
 - c) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;

- d) Prevention of Money Laundering Act, 2002 and the Rules & Directions made thereunder; and
- e) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit Accepting or holding Non-Banking Financial Company's compliance.

Major heads/groups of Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:

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

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

- (i) The Debt Listing Agreement entered into by the Company with BSE Limited; and
- (ii) Secretarial Standards issued by The Institute of Company Secretaries of India, w.e.f. July 1, 2015, as applicable.

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

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through at the meetings of the Board of Directors of the Company. There were no dissenting views by any Member of the Board of Directors during the period under review.

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

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

- (i) On June 22, 2015, the members at the Extra-Ordinary General Meeting, inter-alia, approved:

- (a) Issue of Non-Convertible Debentures on Private Placement basis not exceeding ₹ 1200 Crore in one or more tranches during the year; and
 - (b) Alteration in Articles of Association of the Company.
- (ii) On August 6, 2015, the Board, inter-alia, approved the following:
- (a) Incorporation of a wholly owned subsidiary and to invest upto ₹ 10 Crore in the proposed company;
 - (b) Increase in Borrowing limit upto ₹ 4000 Crore;
 - (c) Deployment of surplus fund of the Company upto ₹ 1000 Crore;
 - (d) Granting of loan of ₹ 20 Crore to IndoStar Asset Advisory Private Limited; and
 - (e) Issue of Non-Convertible Debentures on Private Placement basis or otherwise not exceeding ₹ 2000 Crore.
- (iii) On August 13, 2015, the Debenture Committee allotted 275 Non-Convertible Debentures of ₹ 1 Crore each on Private Placement basis;
- (iv) The Company on May 15, 2015 made the first and final call on 90,38,250 partly paid up equity shares issued and allotted on March 31, 2011. Out of 90,38,250 partly paid up equity shares, the Company received call money on 47,34,482 partly paid up equity shares and the remaining 43,03,768 partly paid up equity shares were forfeited on August 25, 2015 due to non-payment of call & cancelled from the equity shares capital of the Company;
- (v) On August 25, 2015, the Regional Director (E R) Kolkata, approved the shifting of Registered Office of the Company from the State of West Bengal to the State of Maharashtra and thereafter eForm 22 was filed with the Registrar of Companies (“RoC”) on September 5, 2015, which was approved by the RoC on September 8, 2015; and
- (vi) On January 8, 2016, the Debenture Committee allotted 100 Non-Convertible Debentures of ₹ 1 Crore each on Private Placement basis.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Singapore
Date: May 13, 2016

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

Annexure A

To,
The Members,
IndoStar Capital Finance Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place: Singapore
Date: May 13, 2016

Annexure III

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2016

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Name of Director	Ratio
		Mr. Vimal Bhandari	33.22:1
		Mr. Shailesh Shirali	34.25:1
		Mr. Bobby Parikh*	0.55:1
		Mr. Ravi Narain*	0.55:1
		Mr. Eric Stuart Schwartz*	0.55:1
		Mr. D. Sivanandhan*	0.55:1
		Mr. Deepak Shahdadpuri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Dhanpal Jhaveri	NA
		Ms. Shweta Bhatia	NA
		Mr. L. Brooks Entwistle	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	Name of Director / CEO / CFO/ CS	Percentage Increase in their remuneration during the Financial Year ended 2016
		Mr. Vimal Bhandari (MD & CEO)	7.78%
		Mr. Shailesh Shirali	5.26%
		Mr. Bobby Parikh	14.29%
		Mr. Ravi Narain	14.29%
		Mr. Eric Stuart Schwartz	14.29%
		Mr. D. Sivanandhan	#700%
		Mr. Deepak Shahdadpuri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Dhanpal Jhaveri	NA
		Ms. Shweta Bhatia	NA
		Mr. L. Brooks Entwistle	NA
		Mr. Pankaj Thapar (CFO)	40.49%
Mr. Jitendra Bhati (CS)	38.64%		
3.	The percentage increase in the median remuneration of employees in the financial year	-2.67%	

*Commission for the FY 2015-16 paid in FY 2016-17

Commission paid to Mr. D. Sivanandhan has increased to ₹ 8,00,000 for FY 2015-16 compared to ₹ 1,00,000 for FY 2014-15 (In FY 2014-15 he was on the Board for a period of 25 days)

Note: Sitting Fees paid to Non-Executive Independent Directors during the FY 2015-16 has not been included for calculation of remuneration paid to them.

Sr. No.	Requirement	Disclosure										
4.	Number of permanent employees on the rolls of Company at the end of financial year	74										
5.	Explanation on the relationship between average increase in remuneration and Company performance	The average increase in remuneration is -29.27%.										
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For the Financial Year 2015-16, Key Managerial Personnel were paid approx 6.99% of the Net Profit for that year.										
7.	Comparison of the remuneration of each Key Managerial Personnel against the performance of the Company	<table border="1"> <thead> <tr> <th>Name of the Key Managerial Personnel</th> <th>% of remuneration to the net profit of the Company</th> </tr> </thead> <tbody> <tr> <td>Mr. Vimal Bhandari</td> <td>2.54%</td> </tr> <tr> <td>Mr. Shailesh Shirali</td> <td>2.62%</td> </tr> <tr> <td>Mr. Pankaj Thapar</td> <td>1.52%</td> </tr> <tr> <td>Mr. Jitendra Bhati</td> <td>0.32%</td> </tr> </tbody> </table>	Name of the Key Managerial Personnel	% of remuneration to the net profit of the Company	Mr. Vimal Bhandari	2.54%	Mr. Shailesh Shirali	2.62%	Mr. Pankaj Thapar	1.52%	Mr. Jitendra Bhati	0.32%
Name of the Key Managerial Personnel	% of remuneration to the net profit of the Company											
Mr. Vimal Bhandari	2.54%											
Mr. Shailesh Shirali	2.62%											
Mr. Pankaj Thapar	1.52%											
Mr. Jitendra Bhati	0.32%											
8.	The variations in the Net Worth of the company as at the close of the current financial year and previous financial year	<table border="1"> <thead> <tr> <th>Networth of the Company as on March 31, 2015 (₹ in Crore)</th> <th>Networth of the Company as on March 31, 2016 (₹ in Crore)</th> <th>Variation</th> </tr> </thead> <tbody> <tr> <td>1,285.27</td> <td>1,541.22</td> <td>19.91%</td> </tr> </tbody> </table>	Networth of the Company as on March 31, 2015 (₹ in Crore)	Networth of the Company as on March 31, 2016 (₹ in Crore)	Variation	1,285.27	1,541.22	19.91%				
Networth of the Company as on March 31, 2015 (₹ in Crore)	Networth of the Company as on March 31, 2016 (₹ in Crore)	Variation										
1,285.27	1,541.22	19.91%										
9.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 21.33% whereas the average percentile increase in the managerial remuneration was 6.49%. The average increase every year is in line with our reward philosophy and benchmarking to be competitive versus our peer group companies.											
10.	The key parameters for any variable component of remuneration availed by the directors	<p>For Executive Directors:</p> <ul style="list-style-type: none"> ★ Performance of the Company during relevant financial year in terms of turnover, cash profit and net profit; ★ Contribution by particular Director(s); ★ Achievements, critical project(s), performance(s); ★ Remuneration paid in the previous year; ★ Industry standards and other factors as the Board may think appropriate. <p>For Non-Executive Directors:</p> <ul style="list-style-type: none"> ★ Attendance at Board / Committee Meetings; ★ Contribution by the particular directors; ★ Time spent on operational matters; ★ Other factors as the Board may think appropriate. 										
11.	The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	NA										
12.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.										

Annexure IV

Annual Report on Corporate Social Responsibility

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

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

- ★ The list of CSR projects or programs which the Company can undertake (within the purview of Schedule VII of the Companies Act, 2013);
- ★ Activities which will not be considered as CSR activities;
- ★ The CSR Budget of the Company;
- ★ The implementation process;
- ★ Role and Responsibility of the Board and CSR Committee;
- ★ Monitoring and Reporting framework.

The CSR Policy adopted by your Company is placed on its website <http://www.indostarcapital.com/codes-and-policies.html>

Overview of projects / programs taken / proposed to be undertaken:

a. Avasara Academy - Avasara Leadership Institute

Avasara Academy is a programme of Avasara Leadership Institute founded by Ms. Roopa Purushotham, an economist and a Research Head at Everstone Capital. Avasara Academy is a first-of-its kind secondary school for girls aged between 12-18 years which aims at enabling girls from economically weaker sections of the society to emerge as confident leaders. It provides a holistic educational experience that cultivates both academic and leadership potential, fully equipping each student with the skills and abilities to serve as a successful leader in her community and affect positive change in the world around her. Through the efforts and success of each of the Avasara girls, they believe that the deep-rooted mindsets that have held women in India back for generations can and will change.

Located in Lavale Valley in Pune, the Academy offers the internationally recognized Cambridge Curriculum and a supplementary curriculum in Leadership, Entrepreneurship, and Indian Studies. While Avasara's residential campus is being built, the Academy is temporarily housed in a newly renovated classroom, annex close to their main campus.

During the Financial Year 2015-16, the Company had contributed an amount of ₹ 0.50 Crore to Avasara Leadership Institute for its project Avasara Academy towards tuition fees for identified girl students and is committed to continue its support during the Financial Year 2016-17.

b. Pratham Mumbai Education Initiative

Pratham Mumbai Education Initiative was established in the year 1994, by the then Commissioner of the Municipal Corporation of Greater Mumbai, UNICEF and several prominent citizens which aims at taking a holistic approach to enhance education for children in the slums. Pratham Mumbai Education Initiative works across different domains in education in India – pre-school, primary, upper primary, secondary and vocational sectors.

During the Financial Year 2016-17, your Company proposes to contribute towards Pratham's work at Kurla's Quresh & Sangharsh Nagar slums with a total child population of 6,500.

c. Population First - AMCHI

Population First was founded in March 2002 by SV Sista, Chairman & M.D. of Sista's Private Limited and runs two programs called Action for Mobilization of Community Health Initiatives (AMCHI) and LAADLI.

AMCHI focuses on economic, social and political empowerment of women, sanitation, mother and child health in rural communities and includes:

- ★ Economic empowerment of women through livelihood initiatives through vermi - composting
- ★ Political empowerment of women through strengthening of Mahila Gram Sabhas
- ★ Strengthening of women groups and village level monitoring committees to combat childhood malnutrition, increase the reach of ante-natal and post-natal care to promote healthy motherhood, engage school children to promote hygiene and sanitation at a personal, family and community level

During the Financial Year 2016-17, the Company wishes to extend support for AMCHI's work to be undertaken in 20 villages in Thane District, Maharashtra.

d. Shelter Associates

Shelter Associates runs a programme 'One Home One Toilet', with a 80:20 cost sharing model to fund and provide toilet building materials to houses in slums across Pune, Pimpri Chinchwad, Kolhapur and Sangli.

India is the largest open defecating nation in the world, where almost 600 million people have no access to sanitation which has a detrimental impact on the health, education, financial security and safety of people living in informal communities. Shelter Associates through its programme 'One Home One Toilet' aims at positively influencing hygiene behaviour.

Shelter Associates was founded by Ms. Pratima Joshi who is its Secretary. Ms. Joshi has been identified as one of the "leading slum architects of India" in October 2005 by the BBC, an Aga Khan Scholar and Ashoka Fellow. Ms. Lata Shrikhande, President of Shelter Associates has been involved in environmental campaigns in Pune since 1980s and was a pioneering champion of community-run garbage segregation and vermiculture in Pune.

The Company intends to target 100 houses in slums of Pune for 100 toilets in Financial Year 2016-17.

2. The Composition of the CSR Committee:

Name of the Director	Category	Status
Mr. Ravi Narain	Non-Executive Independent Director	Chairman
Mr. D. Sivanandhan	Non-Executive Independent Director	Member
Mr. L. Brooks Entwistle	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Vimal Bhandari	Managing Director & CEO	Member

3. Average net profit of the Company for the last three financial years prior to financial year ended March 31, 2016:

₹ 1,74,94,41,779/- (Rupees One Hundred and Seventy Four Crore Ninety Four Lakh Forty One Thousand Seven Hundred and Seventy Nine only) calculated as per Section 198 of the Companies Act, 2013.

4. Prescribed CSR Expenditure (2% of ₹ 1,74,94,41,779/-):

₹ 3,49,88,836/- (Rupees Three Crore Forty Nine Lakh Eighty Eight Thousand Eight Hundred and Thirty Six only)

5. Details of CSR spent during the financial year:

Particulars	₹ in Crore
a. Total amount to be spent for the financial year	3.50
b. Amount unspent	2.25

c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1)Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.	Avasara Academy – Payment of tuition fees of 16 identified students	Promoting education among women, gender equality, empowering women and enhancing women employment falling under item (ii) and item (iii) of Schedule VII of the Companies Act, 2013	Other - Pune, Maharashtra	₹ 50,00,000	₹ 50,00,000 Direct on project / program.	₹ 50,00,000	Implementing Agency – Avasara Leadership Institute – a Company registered under Section 25 of the Companies Act, 1956 (Not for Profit Company)
2.	Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund falling under item (viii) of Schedule VII of the Companies Act, 2013	NA	₹ 75,00,000	₹ 75,00,000 Direct on project / program.	₹ 1,75,00,000 ₹ 1,00,00,000 ₹ 75,00,000	Directly contributed to the Prime Minister's National Relief Fund

6. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Director's Report:

Your Company exercises prudence in selecting projects and implementation partners for fulfilling its CSR objectives. The Company had for the financial year 2015-16, evaluated and identified projects / programs / organisation for the CSR expenditure. However, the fund requirement of the evaluated and identified projects / programs / organisation was tied up for the Financial Year 2015-16 and hence the Company could not contribute the entire 2% of the average net profit of the last three financial years.

The Company has hired a professional CSR consultant in order to effectively identify credible projects / NGO's where the Company can contribute towards its social responsibilities. With the assistance of the external consultant your Company has been able to put in place strong institutional arrangements to engage into robust partnerships with other corporate / non-corporate foundations. Your Company will continue its process of exploring various projects & programs for its CSR contribution and strive to deliver the maximum impact to society.

7. Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

Sd/-

Vimal Bhandari

(Managing Director & CEO)

DIN: 00001318

Sd/-

Ravi Narain

(Chairman – CSR Committee)

DIN: 00062596

Annexure V

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

CIN	U51909MH2009PLC268160
Registration Date	July 21, 2009
Name of the Company	IndoStar Capital Finance Limited
Category / Sub-Category of the Company	Public Company Limited by shares, NBFC Non-Government Company
Address of the Registered Office and contact details	One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg Mumbai 400013 Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: contact@indostarcapital.com
Whether listed company (Yes / No)	Yes (Non-Convertible Debentures of the Company are listed on BSE Limited)
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078 Telephone: +91 22 25963838 Fax: +91 22 25946979 Email id: ganesh.jadhav@linkintime.co.in

II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	NBFC engaged in lending and allied activities	649	100%

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	IndoStar Capital 3rd Floor, Raffles Tower, Nineteen, Cybercity, Ebene, Mauritius	098649 C1/GBL	Holding Company	97.29	Section 2(46)
2.	IndoStar Asset Advisory Private Limited One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013	U67100MH2013PTC240676	Subsidiary Company	100	Section 2(87)(ii)
3.	IndoStar Home Finance Private Limited One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013	U65990MH2016PTC271587	Subsidiary Company	100	Section 2(87)(ii)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	--	--	--	--	--	--	--	--	--
b) Central Government	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	--	--	--	--	--	--	--	--	--
2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other - Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	6,80,35,332	--	6,80,35,332	87.61	7,11,93,292	1,76,343	7,13,69,635	97.29	4.90
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	6,80,35,332	--	6,80,35,332	87.61	7,11,93,292	1,76,343	7,13,69,635	97.29	4.90
Total shareholding of Promoter (A) = (A)(1)+(A) (2)	6,80,35,332	--	6,80,35,332	87.61	7,11,93,292	1,76,343	7,13,69,635	97.29	4.90
B. Public shareholding									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	--	5,000	5,000	0.01	580	5,000	5,580	0.01	11.6	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	580	58,60,234	58,60,814	7.54	--	19,79,214	19,79,214	2.70	(66.23)	
Others - Trust	--	37,57,051	37,57,051	4.84	--	--	--	--	(100)	
Sub-total (B)(2):-	580	96,22,285	96,22,865	12.39	580	19,84,214	19,84,794	2.71	(79.37)	
Total Public Shareholding (B)=(B)(1)+(B)(2)	580	96,22,285	96,22,865	12.39	580	19,84,214	19,84,794	2.71	(79.37)	
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	6,80,35,912	96,22,285	7,76,58,197	100	7,11,93,872	21,60,557	7,33,54,429	100	(5.54)	

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IndoStar Capital	6,80,35,332	87.61	0	7,13,69,635	97.29	0	4.90
	Total	6,80,35,332	87.61	0	7,13,69,635	97.29	0	4.90

iii) Change in Promoters' Shareholding:

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
IndoStar Capital	At the beginning of the year	6,80,35,332	87.61		
	Purchase during the year - August 7, 2015	7,78,597	1.00	6,88,13,929	88.61
	Purchase during the year - August 13, 2015	22,68,447	2.92	7,10,82,376	91.53
	Purchase during the year - August 17, 2015	2,87,259	0.37	7,13,69,635	91.90
	At the End of the year	7,13,69,635	97.29 [@]		

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sandeep Baid	At the beginning of the year	12,61,513	1.62		
	Sale during the year - August 7, 2015	5,11,513	0.66	7,50,000	0.97
	At the end of the year	7,50,000	1.02 [@]		
Mr. Sanjay Hinduja	At the beginning of the year	7,23,640	0.93		
	Forfeiture due to non-payment of call money - August 28, 2015	7,23,060	0.93	580	0.00
	At the end of the year	580	0.00 [@]		
IndoStar Trust	At the beginning of the year	37,57,051	4.84		
	Sale during the year - August 7, 2015	1,76,343	0.23	35,80,708	4.61
	Forfeiture due to non-payment of call money - August 28, 2015	35,80,708	4.61	0	--
	As on August 28, 2015 (date of separation)	0	--		
Mr. Vivek Agarwall	At the beginning of the year	4,06,000	0.52		
	Sale during the year - August 17, 2015	2,87,259	0.37	1,18,741	0.15
	At the end of the year	1,18,741	0.16 [@]		
Mr. Jayant Gunjal	At the beginning of the year	1,65,000	0.21		
	Sale during the year - August 7, 2015	1,16,743	0.15	48,257	0.06
	At the end of the year	48,257	0.07 [@]		
Mr. Vinod Lund	At the beginning of the year	5,000	0.01		
	Date wise Increase / Decrease in Shareholding during the year	0	0	--	--
	At the end of the year	5,000	0.01 [@]		
Mr. Pankaj Thapar	At the beginning of the year	80,000	0.10		
	Sale during the year - August 13, 2015	46,157	0.06	33,843	0.04
	At the end of the year	33,843	0.05 [@]		
Ms. Rachna Baid	At the beginning of the year	0	--		
	Purchase during the year - August 7, 2015	5,11,513	0.66	5,11,513	0.66
	Sale during the year - August 13, 2015	5,11,513	0.66	0	--
	As on August 13, 2015 (date of separation)	0	--		

v) Shareholding of Directors and Key Managerial Personnel:

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Sailesh Shirali (Whole-Time Director)	At the beginning of the year	23,07,692	2.97		
	Sale during the year - August 13, 2015	17,10,777	2.20	5,96,915	0.77
	At the end of the year	5,96,915	0.81 [@]		
Mr. Vimal Bhandari (Managing Director & CEO)	At the beginning of the year	9,16,969	1.18		
	Sale during the year - August 7, 2015	4,85,511	0.63	4,31,458	0.56
	At the end of the year	4,31,458	0.59 [@]		

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Pankaj Thapar (Chief Financial Officer)	At the beginning of the year	80,000	0.10		
	Sale during the year - August 13, 2015	46,157	0.06	33,843	0.04
	At the end of the year	33,843	0.05 [@]		

Note: Mr. Sameer Sain, Mr. Dhanpal Jhaveri, Mr. L. Brooks Entwistle, Mr. Alok Oberoi, Ms. Shweta Bhatia, Mr. Deepak Shahdarpuri, Mr. Eric Stuart Schwartz, Mr. Ravi Narain, Mr. Bobby Parikh and Mr. D. Sivanandhan, Directors of the Company and Mr. Jitendra Bhati, Company Secretary, did not hold any shares at the beginning and at the end of the year.

[@]Due to cancellation of 43,03,768 shares from the share capital of the Company (on account of forfeiture due to non-payment of calls on partly paid up shares), the percentage of shares held to share capital as at the end of the financial year / date of separation, as the case may be, will not match with the respective cumulative percentage of shares held to the share capital at the beginning of the year or last transaction undertaken during the year under review, as the case may be.

V. Indebtedness

Indebtedness of the Company including interest outstanding / accrued but not due for payment

				(Amount in ₹)	
		Secured Loans excluding Deposits	Unsecured Loans *	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
(i)	Principal Amount	22,29,86,56,522	3,50,00,00,000	--	25,79,86,56,522
(ii)	Interest due but not paid	--	--	--	--
(iii)	Interest accrued but not due	57,79,73,508	--	--	57,79,73,508
Total (i+ii+iii)		22,87,66,30,030	3,50,00,00,000	--	26,37,66,30,030
Change in Indebtedness during the financial year					
★	Addition	9,28,76,80,232	15,50,00,00,000	--	24,78,76,80,232
★	Reduction	6,57,19,58,608	15,00,00,00,000	--	21,57,19,58,608
Net Change		2,71,57,21,624	50,00,00,000	--	3,21,57,21,624
Indebtedness at the end of the financial year					
(i)	Principal Amount	25,01,43,78,146	4,00,00,00,000	--	29,01,43,78,146
(ii)	Interest due but not paid	--	--	--	--
(iii)	Interest accrued but not due	74,17,57,195	--	--	74,17,57,195
Total (i+ii+iii)		25,75,61,35,341	4,00,00,00,000	--	29,75,61,35,341

* include Commercial Papers

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Managing Director and Whole-time Director:

Sr. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount
		Mr. Vimal Bhandari (MD and CEO)	Mr. Shailesh Shirali (WTD)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,73,34,308	4,89,97,036	9,63,31,344
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11,53,685	--	11,53,685
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	Total (A)	4,84,87,993	4,89,97,036	9,74,85,029
	Ceiling as per the Act	₹ 29,23,00,546.49 as on Financial Year ended March 31, 2016 (Being 10% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)		

B. Remuneration to other Directors:

Independent Directors

Particulars of Remuneration	Name of Directors				Total Amount
	Mr. Bobby Parikh	Mr. Ravi Narain	Mr. Eric Stuart Schwartz	Mr. D. Sivanandhan	
Fee for attending board/ committee meetings	5,90,000	4,75,000	1,00,000	4,50,000	16,15,000
Commission [#]	8,00,000	8,00,000	8,00,000	8,00,000	32,00,000
Others, please specify	--	--	--	--	--
Total (1)	13,90,000	12,75,000	9,00,000	12,50,000	48,15,000

Other Non-Executive Directors

Particulars of Remuneration	Name of Directors						Total Amount
	Mr. Sameer Sain	Mr. Alok Oberoi	Mr. Dhanpal Jhaveri	Ms. Shweta Bhatia	Mr. Deepak Shahdarpuri	Mr. L. Brooks Entwistle	
Fee for attending board /committee meetings	--	--	--	--	--	--	--
Commission	--	--	--	--	--	--	--
Others, please specify	--	--	--	--	--	--	--
Total (2)	--	--	--	--	--	--	--

Total (B)=(1+2) **48,15,000**

Ceiling as per the Act ₹ 2,92,30,054.65 as on Financial Year ended March 31, 2016 (Being 1% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)

Total Managerial Remuneration (A+B) **10,23,00,029**

Overall Ceiling as per the Act ₹ 32,15,30,601 as on Financial Year ended March 31, 2016 (Being 11% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)

[#]Commission paid for the Financial Year 2015-16 during the Financial Year 2016-17

C. Remuneration to Key Managerial Personnel other than MD / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Pankaj Thapar (CFO)	Jitendra Bhati (CS)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,52,83,139	59,95,712	3,12,78,851
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission	--	--	--
	- as % of profit			
	- others, specify			
5	Others, please specify	--	--	--
	Total	2,52,83,139	59,95,712	3,12,78,851

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

Annexure VI

Disclosures under the IndoStar ESOP Plan 2012, pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on Financial Year ended March 31, 2016:

Particulars	Disclosures as per the IndoStar ESOP Plan 2012
Number of options granted	9,99,000
Number of options vested	81,900
Number of options exercised	0
Total number of shares arising as a result of exercise of options	0
Number of options lapsed / cancelled	86,000
Exercise Price of the options exercised	N.A.
Variation of terms of options	N.A.
Money realised by the exercise of options	N.A.
Total number of options in force	9,13,000

* Details of options granted to Key Managerial Personnel under the IndoStar ESOP Plan 2012

Sr. No.	Name of the Key Managerial Personnel	Designation	Options Granted*
1	Mr. Vimal Bhandari	Managing Director and CEO	3,76,000
2	Mr. Shailesh Shirali	Whole - Time Director	50,000
3	Mr. Pankaj Thapar	Chief Financial Officer	1,92,000
4	Mr. Jitendra Bhati	Company Secretary	5,000

*Options outstanding as on March 31, 2015. No additional Options were granted during the Financial Year ended March 31, 2016

* Details of employees including director(s) who have received a grant of options in any one year, of option amounting to five percent or more of options granted during that year

Sr. No.	Name of Employee	Number of options Granted
Financial Year 2012-13 (Total options granted – 3,23,000)		
1	Mr. Jayant Gunjal	22,000
2	Mr. Pankaj Thapar	42,000
3	Mr. Rohit Talwalkar	22,000
4	Mr. Vimal Bhandari	76,000
5	Mr. Vinod Lund	22,000
6	Mr. Deepak Bakliwal	50,000
7	Mr. Nishant Kotak	50,000
Financial Year 2013-14 (Total options granted – 10,000)		
1	Mr. Ravi Narain	10,000
Financial Year 2014-15 (Total options granted – 6,66,000)		
1	Mr. Vimal Bhandari	3,00,000
2	Mr. Pankaj Thapar	1,50,000
3	Mr. Shailesh Shirali	50,000
Financial Year 2015-16 (Total options granted – Nil)		

* Details of employees including director(s) who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

No employees including Director(s) were granted options equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) during any one year, at the time of grant.

Report on Corporate Governance

for the financial year 2015-16

Company's Philosophy on Corporate Governance

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

Board Composition

Your Company's Board has a primary role of trusteeship to protect and enhance stakeholders' value through strategic supervision. The Board provides direction and exercises appropriate controls. The Corporate Governance principles of your Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of your Company.

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

The Board has an optimal combination of Independent Directors, Executive Directors and Non-Executive Directors. In terms of the provisions of Section 149 of the Companies Act, 2013, the Board includes 1 (one) Woman Director and has one-third Independent Directors.

At present, the Board of the Company consist of 12 (twelve) Directors of whom 4 (four) are Non-Executive Independent Directors, 6 (six) are Non-Executive Directors representing shareholders, 1 (one) Managing Director and 1 (one) Whole-Time Director.

Name of Director	Category
Mr. Sameer Sain	Non-Executive Director
Mr. L. Brooks Entwistle	Non-Executive Director
Mr. Dhanpal Jhaveri	Non-Executive Director
Mr. Alok Oberoi	Non-Executive Director
Ms. Shweta Bhatia	Non-Executive Director
Mr. Deepak Shahdadpuri	Non-Executive Director
Mr. Eric Stuart Schwartz	Non-Executive Independent Director
Mr. Ravi Narain	Non-Executive Independent Director
Mr. Bobby Parikh	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Mr. Vimal Bhandari	Managing Director & CEO
Mr. Shailesh Shirali	Whole-Time Director

Board Meetings

The schedule of the Board / Committee meetings to be held in a Financial Year is circulated in advance to enable the Directors / Committee Members to plan their schedule and to ensure their highest participation at meetings. Directors are given an option of attending Board / Committee Meetings through video conference in order to ensure effective decision making through increased participation by the Directors. The agenda and notes on agenda are circulated to the Directors well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings.

During the year under review, 4 (four) meetings of the Board of Directors of the Company were convened and held on May 15, 2015, August 6, 2015, October 29, 2015 and February 4, 2016. These meetings were held in a manner that at least one meeting was held in every quarter and not more than one hundred and twenty days intervened between two consecutive meetings. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings of the Company

Name of the Members	No. of Meetings held	No. of Meetings attended
Mr. Sameer Sain	4	2
Mr. L. Brooks Entwistle	4	3
Mr. Dhanpal Jhaveri	4	4
Mr. Alok Oberoi	4	1
Ms. Shweta Bhatia	4	2
Mr. Deepak Shahdadpuri	4	1
Mr. Eric Stuart Schwartz	4	1
Mr. Ravi Narain	4	4
Mr. Bobby Parikh	4	4
Mr. D. Sivanandhan	4	4
Mr. Vimal Bhandari	4	4
Mr. Shailesh Shirali	4	4

Independent Directors Meeting

In terms of Schedule IV of the Companies Act, 2013, a Meeting of the Non-Executive Independent Directors of the Company was held on March 30, 2016 without the attendance of the Non-Independent Directors and members of the Management of the Company.

At their meeting, the Independent Directors reviewed and assessed the performance of Non-Independent Directors and the Board as a collective entity. The Independent Directors also reviewed the quality, quantity, content and timeliness of the flow of information between the Management and the Board and its Committees which was necessary for the Board to perform their duties effectively and reasonably.

Board Committees

In terms of the applicable circular(s), notification(s) and direction(s) issued by the Reserve Bank of India ("the RBI Regulations"), the applicable provisions of the Companies Act, 2013 and the Company's internal corporate governance requirements, the Board of Directors have constituted the following committees and the role of each committee has been broadly defined for effective business operations and governance of the Company:

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

Credit Committee

Composition, Meetings and Attendance

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

Name of the Members	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Sameer Sain	Non-Executive Director	Chairman	4	2
Mr. L. Brooks Entwistle	Non-Executive Director	Member	4	3
Mr. Dhanpal Jhaveri	Non-Executive Director	Member	4	4
Ms. Shweta Bhatia	Non-Executive Director	Member	4	2
Mr. Deepak Shahdadpuri	Non-Executive Director	Observer	NA	NA
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Observer	NA	NA

During the year under review, the Committee met 4 (four) times on May 15, 2015, August 6, 2015, October 29, 2015 and February 4, 2016. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Terms of reference

The terms of reference of the Committee inter-alia includes: the deployment of all capital / resources of the Company, approving credit proposals in accordance with risk policy approved by the Risk Management Committee of the Company, formulate, recommend, review, alter and implement the various policies adopted by the Company with respect to the Committee.

Audit Committee

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Bobby Parikh	Non-Executive Independent Director	Chairman	3	3
Mr. Ravi Narain	Non-Executive Independent Director	Member	3	3
Mr. D. Sivanandhan	Non-Executive Independent Director	Member	3	3
Mr. Dhanpal Jhaveri	Non-Executive Director	Member	3	3
Ms. Shweta Bhatia	Non-Executive Director	Member	3	1

In terms of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the majority of the Committee comprises of the Independent Directors.

During the year under review, the Committee met 3 (three) times on May 15, 2015, October 29, 2015 and February 4, 2016. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 30, 2015.

Terms of reference

The terms of reference of the Committee inter-alia includes: dealing with all material questions concerning the auditing and accounting policies of the Company and its subsidiary(s) and their financial controls and systems or any other function as may be determined by the Board, review and ensure correctness, sufficiency and credibility of Financial Statements, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, overseeing the Whistle Blower Policy / Vigil Mechanism, monitor transactions with Related Parties, reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system, etc.

Asset-Liability Management Committee (ALCO)

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Vimal Bhandari	Executive Director	Chairman	4	4
Mr. Dhanpal Jhaveri	Non-Executive Director	Member	4	4
Ms. Shweta Bhatia	Non-Executive Director	Member	4	2

During the year under review, the ALCO met 4 (four) times on May 15, 2015, August 6, 2015, October 29, 2015 and February 4, 2016. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Terms of reference

The terms of reference of the Committee inter-alia includes: monitoring the asset liability composition of the Company's business, determining actions to mitigate risks associated with the asset liability mismatches, reviewing the borrowing programme of the Company, review product pricing and desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities, etc.

Risk Management Committee

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. L. Brooks Entwistle	Non-Executive Director	Chairman	4	3
Ms. Shweta Bhatia	Non-Executive Director	Member	4	2
Mr. Alok Oberoi	Non-Executive Director	Member	4	1
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Member	4	1
Mr. Bobby Parikh	Non-Executive Independent Director	Member	4	4

During the year under review, the Committee met 4 (four) times on May 15, 2015, August 6, 2015, October 29, 2015 and February 4, 2016. The required quorum was present at all the above meetings.

Terms of reference

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

Nomination & Remuneration Committee

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Bobby Parikh	Non-Executive Independent Director	Chairman	1	1
Mr. Dhanpal Jhaveri	Non-Executive Director	Member	1	1
Ms. Shweta Bhatia	Non-Executive Director	Member	1	0
Mr. Alok Oberoi	Non-Executive Director	Member	1	0
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Member	1	0
Mr. Ravi Narain	Non-Executive Independent Director	Member	1	1

During the year under review, the Committee met once on May 15, 2015. The required quorum was present at the meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

In terms of Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, one half of the Committee comprises of Independent Directors. In terms of the requirement of the Companies Act, 2013, the Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 30, 2015.

Terms of reference

The terms of reference of the Committee inter-alia includes: deciding on specific remuneration packages (including pension rights and compensation payments) of the Executive Directors, Non-Executive Directors (including Independent Directors), Senior Level employees, formulating criteria for determining qualification, positive attributes, 'fit and proper' criteria and independence of directors and senior management personnel, administering and implementing the Employee Stock Option Scheme(s), etc.

Corporate Social Responsibility (CSR) Committee

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Ravi Narain	Non-Executive Independent Director	Chairman	1	1
Mr. L. Brooks Entwistle	Non-Executive Director	Member	1	1
Ms. Shweta Bhatia	Non-Executive Director	Member	1	0
Mr. D. Sivanandhan	Non-Executive Independent Director	Member	1	1
Mr. Vimal Bhandari	Executive Director	Member	1	1

During the year under review, the Committee met once on February 4, 2016. The required quorum was present at the above meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Terms of reference

The terms of reference of the Committee inter-alia includes: formulating and monitoring the CSR Policy, recommend to the Board the amount and area of CSR expenditure, implementation and monitoring the CSR Projects, etc.

Debenture Committee

Composition, Meetings and Attendance

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

Name of the Director	Category	Status	No. of Meetings held	No. of Meetings attended
Mr. Dhanpal Jhaveri	Non-Executive Director	Chairman	3	3
Ms. Shweta Bhatia	Non-Executive Director	Member	3	2
Mr. Vimal Bhandari	Executive Director	Member	3	3
Mr. Shailesh Shirali	Executive Director	Member	3	2

During the year under review, the Debenture Committee met 3 (three) times on August 11, 2015, January 5, 2016 and March 16, 2016. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Terms of reference

The terms of reference of the Committee inter-alia includes: determination and approval of all matters relating to the issue of debentures and all other acts and deeds that it deems necessary for the purpose of issue of debentures.

Other Committees

The Internal Complaints Committee

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Board constituted the Internal Complaints Committee.

Composition of the Internal Complaints Committee: Ms. Ophelia DeRoze (Presiding Officer), Mr. Pankaj Thapar, Ms. Mamata Pradhan and Ms. Kanti Joshi (External Member from an association committed to the cause for women).

During the year under review, the Committee met once on December 17, 2015. No complaints related to sexual harassment were received by the Committee.

The terms of reference of the Committee inter-alia includes: conducting an inquiry into complaints made by any aggrieved women at the workplace and arrive at a conclusion as to whether the allegation for which the complaint has been filed was proved or not and take necessary actions to resolve the complaints, preparing annual report for each calendar year and submission of the same to the Board of Directors and the District Officer. The Committee monitors the Company's Care and Dignity Policy.

Grievance Redressal Committee

Composition of the Grievance Redressal Committee: Mr. Vimal Bhandari and Mr. Pankaj Thapar. Mr. Pankaj Thapar is the designated Grievance Redressal Officer of the Company.

During the year under review, the Committee met twice on August 6, 2015 and November 9, 2015.

During the year under review, one compliant was received from a customer which was resolved by the Management to the satisfaction of the customer.

In addition, for the purpose of effective implementation of the Fair Practices Code adopted by the Company, the Committee also adopted a Grievance Redressal Mechanism which inter-alia assists in communicating to the Customers the modes available to them for redressing their grievances.

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

Banking Committee

Composition of the Banking Committee: Mr. Dhanpal Jhaveri, Mr. Vimal Bhandari and Mr. Pankaj Thapar.

During the year under review, the Committee met 4 (four) times on September 11, 2015, November 30, 2015, January 21, 2016 and February 17, 2016.

The terms of reference of the Banking Committee inter-alia includes: matters relating to opening, operating, closing, change in signatories or such related matters of Bank Account(s), Demat Account(s), Broking Account(s), Trading Account(s) and CSDL Account(s) of the Company.

Management Committee

Composition of the Management Committee: Mr. Vimal Bhandari, Mr. Shailesh Shirali and Mr. Pankaj Thapar.

The Management Committee is the principal forum for taking operational decisions for the effective functioning of the Company.

The Management Committee meets on multiple occasions as and when required, but normally at least once a month.

General Meetings

Annual General Meeting

During the year under review, the Annual General Meeting of the Company for the Financial Year ended March 31, 2015 was held on September 30, 2015. The Members accorded their approval in the requisite manner for the following matters:

- ★ Adoption of Standalone and Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2015;
- ★ Re-appointment of Mr. Alok Oberoi (DIN 01779655), Director Retiring by Rotation;
- ★ Re-appointment of Mr. Vimal Bhandari (DIN 00001318), Director Retiring by Rotation;
- ★ Re-appointment of Mr. Shailesh Shirali (DIN 06525626), Director Retiring by Rotation;
- ★ Appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors and to fix their Remuneration;
- ★ Appointment of Mr. L. Brooks Entwistle as a Director of the Company, liable to Retire by Rotation;
- ★ Payment of Commission to Non-Executive Independent Directors of the Company for the Financial Year ended March 31, 2015; and

- ★ Payment of Commission upto aggregate of 1% of the Net Profits of the Company to Non-Executive Independent Directors for the Financial Year(s) 2016-2020.

Extraordinary General Meeting

During the year under review, 1 (one) Extraordinary General Meeting(s) (EGM) of the Company was held on June 22, 2015. The Members accorded their approval in the requisite manner for the following matters:

- ★ Alteration of the Articles of Association of the Company; and
- ★ Issue of Non-Convertible Debentures on Private Placement Basis upto ₹ 1,200 Crore (Rupees One Thousand Two Hundred Crore only).

Policies and Codes

In terms of the Guidelines / Directions / Circulars issued by the Reserve Bank of India, the applicable provisions of the Companies Act, 2013, the applicable regulations issued by the Securities and Exchange Board of India and as a part of good corporate governance, the Board of Directors has adopted several codes / policies / guidelines for the effective governance of the Company which includes the following:

Internal Guidelines on Corporate Governance

In terms of the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the Reserve Bank of India and in order to adopt best practices and greater transparency in its operations, the Company has formulated and adopted Internal Guidelines on Corporate Governance.

The Internal Guidelines on Corporate Governance covers governance matters / compliance / actions inter-alia with respect to the Board, the Committees constituted by the Board, subsidiary company(ies), auditors, avoidance of conflict of interest and other Code(s) and Policy(ies) of the Company. The Internal Guidelines on Corporate Governance are available on the website of the Company.

Fair Practices Code

In terms of the Circular(s) on Fair Practices Code issued by the Reserve Bank of India, the Company has adopted a Fair Practices Code for the Company which inter-alia includes matters related to manner of application for loans & their processing, loan appraisal & terms / conditions and disbursement of loans including changes in terms and conditions.

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

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

Investment Policy including policy on demand / call loans

In terms of the requirements of the Systemically Important Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, including amendments from time-to-time, to have a documented policy for investment and demand / call loans, the Company has adopted an Investment Policy including policy on demand / call loans.

The Investment Policy including policy on demand / call loans inter-alia describes the criteria to classify the investments into current and long term investments, transfer of investments, valuation of the investments, process that the Company will follow for demand / call loans, manner of deployment of surplus funds as permissible under the RBI Regulations and other applicable law(s).

Policy on Single / Group Exposure Norms

In terms of the requirements of the Systemically Important Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, including amendments from time-to-time, to have a documented policy regulating the Company's credit concentration to a single party or a single group of parties, the Company has adopted a Policy on Single / Group Exposure Norms.

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

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

In terms of the Circular(s) and Direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India, the Prevention of Money Laundering Act, 2002 and Rules made thereunder, your Company has adopted a KYC & AML Policy. This policy document incorporates the Company's approach towards Know Your Customer (KYC) norms, Anti Money Laundering (AML) measures and Combating of Financing of Terrorism (CFT) related issues.

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

Risk Framework and Policy

In terms of the RBI Regulations and provisions of the Companies Act, 2013, the Company's Risk Framework and Policy encompasses the organisation structure, strategies, systems and procedures. It integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The Policy is laid down keeping in view the organisation objectives, business strategy and complexity arising out of the products / services and other activities carried out in pursuit of these objectives and implementation of these strategies. The Risk Framework and Policy is available on the website of the Company.

Internal Control Framework on Financial Reporting Risks and Operating Risks

In terms of the provisions of the Companies Act, 2013, requiring the Company to lay down adequate internal financial controls and in order to strengthen the existing internal controls of the Company enforced through its policies / processes / codes, your Company has adopted an Internal Control Framework on Financial Reporting Risks and Operating Risks. It largely outlines a framework for identifying financial reporting and operational risks which may affect the Company, necessary steps to mitigate such risks, reduce the probability of occurring of risks and potential impact in case of materialization of risks, creating awareness amongst functional staff and draw down a risk ownership structure to manage risk related aspects in a timely manner.

Interest Rate Policy

In terms of the RBI Regulations, the Company determines the pricing of loans in a transparent and open manner. In terms of the requirement of the Reserve Bank of India to have a documented policy for interest rates being charged on loans disbursed by the Company, the circular(s) on Fair Practices Code issued by Reserve Bank of India and the Fair Practices Code of the Company, your Company has adopted an Interest Rate Policy.

Since the Company focuses on providing credit only to customers meeting its credit standards for varying tenors, the interest rate applicable to each loan account, is assessed on a case to case basis, based on the evaluation of various factors and within the range prescribed in the Interest Rate Policy. The Interest Rate Policy of the Company inter-alia outlines the manner and factors to be considered while determining Interest Rate applicable to a particular loan and procedural aspects in that regard and the approach of the Company for gradation of risk. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy (ALCO Policy)

In terms of requirements of the Asset Liability Management (ALM) System for NBFCs – Guidelines issued by the Reserve Bank of India, the Asset Liability Management Committee of the Board has put in place the ALCO Policy.

The ALCO Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. It also involves altering the asset liability portfolio in a dynamic way in order to manage ALM risks. The policy also describes the process the Asset Liability Management Committee will use to evaluate the effectiveness of the Company's internal control procedures. The ALCO Policy is available on the website of the Company.

Treasury Policy

The Treasury Policy provides guidelines on how the Company shall productively deploy its temporary surplus funds, pending deployment of funds in business. In terms of the Treasury Policy of the Company the key criteria to be looked at while deploying temporary surplus funds of the Company from a treasury perspective are capital protection, liquidity and returns arranged in that order of priority.

Resource Planning Policy

In terms of the requirement of the Circular(s) on Raising Money through Private Placement of Non-Convertible Debentures by Non-Banking Financial Companies issued by the Reserve Bank of India to have a documented Policy with respect to resource planning of the Company for every year, the Company adopts a Resource Planning Policy for every Financial Year.

The Resource Planning Policy of the Company inter-alia promotes discipline in resource planning and raising of funds through private placement of Non-Convertible Debentures, Bank Borrowings and issuance of Commercial Paper and also covers the planning horizon and the periodicity of fund raising by the Company.

Fraud Risk Policy

In terms of the Circular(s) on Frauds in NBFCs, issued by the Reserve Bank of India, your Company has adopted a Fraud Risk Policy. In order to ensure effective implementation of the Fraud Risk Policy, your Company has adopted a Fraud Risk Management Framework.

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

Policy on Selection Criteria/ “Fit & Proper” Person Criteria

In terms of Section 178 of the Companies Act, 2013 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, issued by the Reserve Bank of India, the Company has adopted a Policy on Selection Criteria/ “Fit and Proper” Person Criteria which lays down a framework relating to appointment of director(s) and senior management personnel including key managerial personnel of the Company.

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

- ★ Manner / process for selection of Directors and Senior Management Personnel including Key Managerial Personnel
- ★ Qualifications for appointment of Directors
- ★ Positive attributes of Directors
- ★ Independence of Independent Director(s)
- ★ “Fit and Proper” person criteria of Directors

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

- ★ Guiding the Board in relation to appointment and removal of Director(s), Senior Management Personnel and Key Managerial Personnel of the Company;
- ★ Formulating the criteria for determining the qualifications, positive attributes for appointment of Director(s) and Senior Management Personnel and independence for Independent Director(s);
- ★ Ensuring “Fit and Proper” Person status of proposed / existing Director(s);
- ★ Recommending to the Board, the appointment and removal of Director(s), Senior Management Personnel and Key Managerial Personnel.

The Policy on Selection Criteria/ “Fit and Proper” Person criteria is available on the website of the Company.

Whistle Blower Policy/Vigil Mechanism

In terms of requirements of Section 177 of the Companies Act, 2013 read with Rules made thereunder, the Company has formulated a codified Whistle Blower Policy/Vigil Mechanism in order to encourage anyone connected with the Company, to come forward and express in good faith, genuine concerns about unethical and improper practices or any other wrongful conduct in the Company, without fear of punishment, victimization or unfair treatment.

The Vigil Mechanism provides a channel to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The Mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy/Vigil Mechanism is available on the website of the Company.

Remuneration Policy

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder, the Board has adopted a Remuneration Policy covering remuneration related aspects of the remuneration to be paid to Directors, Key Managerial Personnel and other Employees of the Company.

The Remuneration Policy is adopted to inter-alia ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) in this regard, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company.

Corporate Social Responsibility (CSR) Policy

In terms of Section 135 read with Rules made thereunder, the Company has adopted a CSR Policy which helps in furtherance of the Company's objective to enhance value creation in society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen.

The CSR Policy of the Company indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board and CSR Committee in implementing and monitoring CSR projects of the Company. The CSR policy is available on the website of the Company.

Board Performance Evaluation Policy

In terms of the provisions of the Companies Act, 2013, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors. In order to assist the Board to carry out such evaluation process the Board has adopted a Board Performance Evaluation Policy which defines the process to be followed for performance evaluation of the Board, its Committees and Individual Directors. In order to prescribe detailed criteria, manner and process for evaluation of performance of the Board, its Committees and Directors, the Nomination and Remuneration Committee of the Board formulated and adopted the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors is conducted includes:

- ★ The Independent Directors, in their separate Meeting, review the performance of Non-Independent Directors and the Board as a whole.
- ★ The Nomination and Remuneration Committee evaluates the performance of the Directors on the Board. A feedback on the overall evaluation conducted by the Nomination and Remuneration Committee is communicated to the Board.
- ★ Then, in light of the criteria prescribed in the Board Performance Evaluation Policy, the Board analyses its own performance, that of its Committees and individual Directors during the year and suggests changes or improvements, if required.

Related Party Transaction Policy

In term of the provisions of the Companies Act, 2013 and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, issued by the Reserve Bank of India, the Company has adopted a Related Party Transaction Policy to ensure proper approval and reporting of transactions between the Company and its Related Parties.

The Related Party Transaction Policy inter-alia includes the process and manner of approval of transactions with Related Parties, identification of Related Parties and identification of potential Related Party Transactions. According to the Related Party Transaction Policy of the Company, any transaction with any Related Parties shall be considered to be appropriate only if it is in the best interest of the Company and its Members. The Related Party Transaction Policy is available on the website of the Company.

The pecuniary relationship(s) / transaction(s) of Non-Executive Directors vis-à-vis the Company include the following:

Non-Executive Director	Transaction	Amount (₹ in Lakh)
Mr. Bobby Parikh	Payment of sitting fees for attending Meetings of the Board and its Committee(s)	5.90
	Payment of commission for the financial year 2015-16	8.00
Mr. Ravi Narain	Payment of sitting fees for attending Meetings of the Board and its Committee(s)	4.75
	Payment of commission for the financial year 2015-16	8.00
Mr. Eric Stuart Schwartz	Payment of sitting fees for attending Meetings of the Board and its Committee(s)	1.00
	Payment of commission for the financial year 2015-16	8.00
	Re-imbursment of Expenses	0.22
Mr. D. Sivanandhan	Payment of sitting fees for attending Meetings of the Board and its Committee(s)	4.50
	Payment of commission for the financial year 2015-16	8.00

Code for Independent Directors

In terms of Section 149 and Schedule IV of the Companies Act, 2013, the Company has adopted a code for Independent Directors in order to ensure fulfillment of responsibilities of Independent Directors of the Company in a professional manner.

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

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

In terms of Section 195 of the Companies Act, 2013 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, considering the nature of business activities of the Company, in order to maintain highest standards whilst dealing with the confidential information and unpublished price sensitive information related to the Company and / or its holding company and / or associate company(ies) and / or subsidiary company(ies) or business associates or current and potential client companies and in order to ensure uniform dissemination of unpublished price sensitive information the Company has adopted (i) a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and (ii) a self-regulated Code of Conduct for Prohibition of Insider Trading and Internal Procedures.

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

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

Code of Conduct for Directors & Employees

The Company has put in place a comprehensive Code of Conduct which is applicable to all the Directors, including Non-Executive and Independent Directors and Employees of the Company to the extent of their role and responsibilities in the Company. The Code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations of India.

Anti-Corruption Policy

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

The Policy inter-alia aims to prohibit the Company's personnel and any other entity or person acting for or on behalf of the Company from offering, providing or receiving prohibited gratuities, bribes, gifts, entertainment, facilitating payments, or anything of value to or for the benefit of a government official or any other person contrary to anti-corruption laws or engaging in activities or transactions with sanctioned or blacklisted countries or individual parties contrary to applicable laws or engaging in any corrupt, fraudulent, coercive or collusive practice.

The Anti-Corruption Policy is available on the website of the Company.

Compliance Process

Your Company believes that an effective compliance process is an important element of the Corporate Governance Structure in an organisation. In order to promote a culture of valuing compliance, your Company has adopted a Compliance Process which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach to compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

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

Record Retention Policy

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Regulations), the Company was required to adopt a policy for preservation of documents. Since the existing Record Retention Policy of the Company was apt to accommodate the requirements of the SEBI Regulations, the Board of Directors, during the year under review, adopted the Record Retention Policy as policy for preservation of documents under the SEBI Regulations

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

Provision for Standard Assets Accounting Policy

The Policy on Provision for Standard Assets Accounting Policy is a part of the risk management process of the Company. This Policy states the guidelines for provisioning for standard assets.

Care and Dignity Policy

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

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, 2016, 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 Accounting Standards specified under section 133 of the Act read with Rule 7 of 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, 2016, 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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 has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per **Jayesh Gandhi**

Partner

Membership No. 37924

Place of Signature: Mumbai

Date : May 13, 2016

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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets 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 from the public.
- (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, income-tax, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees’ state insurance, sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.
- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, 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 employees’ state insurance, sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, service tax, and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Expense Disallowed	255,032	FY 2012-13	Commissioner of Income Tax (Appeal)

- (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 term loans for the purposes for which they were raised.

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

- (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 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 to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of 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.

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

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per **Jayesh Gandhi**

Partner

Membership No. 37924

Place of Signature: Mumbai

Date : May 13, 2016

Annexure 2 to the Independent Auditor's Report of even date on the 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")

To
The Members of INDOSTAR CAPITAL FINANCE LIMITED

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of March 31, 2016 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 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,

both 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded

Annexure 2 to the Independent Auditor's Report of even date on the Financial Statements Of IndoStar Capital Finance Limited

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

Explanatory paragraph

We also have audited, 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, the standalone financial statements of IndoStar Capital Finance Limited, which comprise the Balance Sheet as at March 31, 2016, and the related 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, and our report dated May 13, 2016 expressed an unqualified opinion thereon.

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

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per **Jayesh Gandhi**

Partner

Membership No. 37924

Place of Signature: Mumbai

Date : May 13, 2016

Balance Sheet as at March 31, 2016

Particulars	Note No.	Amount in ₹	
		As at March 31, 2016	As at March 31, 2015
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	733,544,290	683,650,397
(b) Reserves and surplus	4	14,678,668,200	12,169,016,778
		15,412,212,490	12,852,667,175
(2) Non-current liabilities			
(a) Long term borrowings	5	17,588,658,160	16,138,357,597
(b) Other long term liabilities	6	102,464,760	138,985,631
(c) Long term provisions	7	146,139,655	119,515,250
		17,837,262,575	16,396,858,478
(3) Current liabilities			
(a) Short-term borrowings	8	4,994,161,851	3,439,215,825
(b) Trade payables (Refer note 27)		30,568,778	19,299,124
(c) Other current liabilities	6	8,591,074,713	7,150,918,304
(d) Short-term provisions	7	57,219,983	57,902,579
		13,673,025,325	10,667,335,832
Total		46,922,500,390	39,916,861,485
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		30,128,421	6,328,439
(ii) Intangible assets		2,875,903	2,383,191
(ii) Capital work in progress		4,425,799	
(b) Non-current investments	10	100,100,000	546,100,000
(c) Deferred tax assets (net)	11	103,024,270	85,171,809
(d) Long term loans and advances	12	30,977,153,429	24,337,745,479
(e) Other non-current assets	13	-	53,704,595
		31,217,707,822	25,031,433,513
(2) Current assets			
(a) Cash and bank balances	14	3,495,918,478	4,856,380,582
(b) Short-term loans and advances	12	11,853,109,700	9,583,196,323
(c) Other current assets	13	355,764,390	445,851,067
		15,704,792,568	14,885,427,972
Total		46,922,500,390	39,916,861,485

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. 37924

Place : Mumbai
Date : May 13, 2016

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

Vimal Bhandari
MD & CEO
DIN: 00001318

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 13, 2016

Dhanpal Jhaveri
Director
DIN: 02018124

Jitendra Bhati
Company Secretary

Statement of Profit and Loss

for the period ended March 31, 2016

Amount in ₹

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	15	6,413,245,001	5,280,529,500
Other income	16	539,128	26,559
Total		6,413,784,129	5,280,556,059
Expenditure			
Employee benefit expenses	17	394,501,996	280,576,665
Finance cost	18	2,892,590,633	2,580,816,372
Depreciation and amortisation	9	5,116,291	7,120,134
Other expenses	19	164,751,080	120,793,457
Provisions for standard assets and NPA	20	33,818,664	30,372,218
Total		3,490,778,664	3,019,678,846
Profit before taxation		2,923,005,465	2,260,877,213
Provision for taxation			
Current tax		1,030,702,387	774,098,041
Deferred tax		(17,852,461)	(3,868,851)
Total tax expense		1,012,849,926	770,229,190
Net profit after taxes		1,910,155,539	1,490,648,023
Earnings per share			
	21		
Basic (₹)		26.66	21.72
Diluted (₹)		26.33	21.43
Nominal value of equity share (₹)		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. 37924

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Vimal Bhandari

MD & CEO

DIN: 00001318

Dhanpal Jhaveri

Director

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place : Mumbai

Date : May 13, 2016

Place : Mumbai

Date : May 13, 2016

Cash Flow Statement for the year ended March 31, 2016

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Cash flow from operating activities		
Profit before taxes	2,923,005,465	2,260,877,213
Depreciation and amortisation	5,116,291	7,120,134
Loss / (profit) on sale of fixed assets (net)	21,409	22,444
Provisions for non performing assets	615,025	-
Provisions for standard assets	33,203,639	30,372,218
Provision for gratuity	840,733	741,823
Provision for leave encashment	752,547	1,160,909
Operating profit before working capital changes	2,963,555,109	2,300,294,741
Movements in working capital:		
Increase / (decrease) in trade payables	11,269,654	16,636,831
Increase in other liabilities	1,403,635,538	763,872,693
(Increase) / Decrease in loans and advances	(8,909,321,327)	(8,051,703,035)
(Increase) / Decrease in other assets	143,791,272	(137,635,210)
Cash generated from operations	(4,387,069,754)	(5,108,533,980)
Direct taxes paid (net of refunds)	(1,040,172,522)	(767,633,505)
Net cash flow from / used in operating activities (A)	(5,427,242,276)	(5,876,167,485)
B. Cash flows from investing activities		
Purchase of fixed including intangible assets	(29,432,753)	(5,031,832)
Increase in Capital work in progress	(4,425,799)	-
Proceeds from sale of fixed assets	2,359	31,291
Investment in subsidiary	(100,000,000)	-
Repayments from fixed income debt instruments	546,000,000	62,400,000
Bank deposits (having original maturity of more than three months)(net)	2,655,000,000	(2,320,000,000)
Net cash used in investing activities (B)	3,067,143,807	(2,262,600,541)
C. Cash Flows from financing activities		
Call made on partly paid shares	649,346,738	-
Forfeiture of Equity Shares	43,038	-
Amount raised from short term borrowings	1,554,946,026	1,770,791,350
Term loans from banks	23,441,979	1,662,187,077
Amount received on issue of NCDs	1,426,858,584	2,560,469,460
Net cash from financing activities (C)	3,654,636,365	5,993,447,887
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,294,537,896	(2,145,320,139)
Cash and Cash Equivalents at the beginning of the year	2,121,380,582	4,266,700,721
Cash and Cash Equivalents at the end of the year	3,415,918,478	2,121,380,582

Cash Flow Statement

for the year ended March 31, 2016

Components of Cash and Cash Equivalents	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash and Cash Equivalents at the end of the year		
i) Cheque on hand	416,569	4,088,610
ii) Cash on hand	50,540	-
ii) Balances with scheduled banks in:		
Current accounts	939,951,369	287,291,972
Deposits with original maturity of less than three months	2,475,500,000	1,830,000,000
Total cash and cash equivalents	3,415,918,478	2,121,380,582

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. 37924

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Vimal Bhandari

MD & CEO

DIN: 00001318

Dhanpal Jhaveri

Director

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place : Mumbai

Date : May 13, 2016

Place : Mumbai

Date : May 13, 2016

Notes forming part of the financial statements for the year ended March 31, 2016

1. Corporate Information

IndoStar Capital Finance Limited ('the Company') 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 Loan 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 and the guidelines 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

(c) Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Tangible Fixed Assets

Fixed assets 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 fixed 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.

Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Act. The estimated useful life used are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Furniture and Fixtures	5 Years	10 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Computers	3 Years	3 Years

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.

Change of estimate

During the year ended March 31, 2016 the company has changed its accounting estimate related to the recognition of origination fees collected from the clients, based on the fees collected and behaviour of the loan portfolio. Had the Company followed earlier estimates, profit for the year would have been lower by ₹ 627.03 Lakhs.

Notes forming part of the financial statements for the year ended March 31, 2016

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.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation.

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.

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

Intangible assets

Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.

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 asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. 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.

(d) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Pursuant to Reserve Bank India (RBI) notification no. DNBR 011/CGM (CDS) dated March 27, 2015, the company has revised its recognition norms of Non- Performing Assets (NPA) from 180 days to 150 days.

Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

(f) Loans

Loans are stated at the amount advanced and expenses recoverable, 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 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.

Notes forming part of the financial statements for the year ended March 31, 2016

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 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 in the year it is incurred.

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.

(k) Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. 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 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.

Notes forming part of the financial statements for the year ended March 31, 2016

The carrying cost of the 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.

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

(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 at bank and in hand, cheques on hand, remittances in transit.

(p) Borrowing costs

Borrowing cost includes interest and are charged to Profit & Loss in the year 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 SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 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.

Notes forming part of the financial statements for the year ended March 31, 2016

Note 3 Share capital

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Authorised		
8,00,00,000 (March 31, 2015: 8,00,00,000) Equity Shares of ₹ 10/- each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued & Subscribed		
Equity Shares		
73,354,429 (March 31, 2015: 6,86,19,947) equity shares of ₹ 10/- each fully paid up	733,544,290	686,199,470
Less: Nil (March 31, 2015: 2,60,958) equity shares of ₹ 10/- each fully paid up issued to employees through IndoStar Trust or held by IndoStar Trust	-	(2,609,584)
Nil (March 31, 2015: 90,38,250) equity shares of ₹ 10/- each ₹ 0.01 paid up per share	-	90,383
Less: Nil (March 31, 2015: 29,87,240) equity shares of ₹ 10/- each ₹ 0.01 paid up issued to employees through IndoStar Trust or held by IndoStar Trust	-	(29,872)
Total	733,544,290	683,650,397

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Shares outstanding at the beginning of the year	77,658,197	686,289,853	77,658,197	686,289,853
Issued during the period	-	-	-	-
	77,658,197	686,289,853	77,658,197	686,289,853
(Less) / Add : Adjustment for fully paid up shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	-	-	(2,609,584)
(Less) / Add : Adjustment for partly paid up shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	-	-	(29,872)
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share	-	47,297,475		
Less: 4,303,768 shares ₹ 0.01 paid up per share forfeited on non- payment of call money	(4,303,768)	(43,038)		
Shares outstanding at the end of the year	73,354,429	733,544,290	77,658,197	683,650,397

b. Terms/rights attached to equity shares

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

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

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

Name of the shareholders	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity shares of ₹ 10/- each				
IndoStar Capital (Mauritius) (Holding Company)	71,369,635	97.30	68,035,332	87.61

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

d. 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 23.

Notes forming part of the financial statements for the year ended March 31, 2016

Note 4 Reserves and Surplus

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Securities Premium Account		
Balance as per last account	8,227,128,268	8,227,128,268
Add: Received during the period	568,137,840	
(Less) / Add : Premium on equity shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	(31,315,005)
Closing balance	8,795,266,108	8,195,813,263
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	809,014,794	510,885,189
Add: Transfer from surplus balance in statement of profit and loss (at year end)	382,031,108	298,129,605
Closing balance	1,191,045,902	809,014,794
Capital Reserve (4,303,768 shares ₹ 0.01 paid up per share forfeited on non- payment of call money and amount received transferred)	43,038	-
Closing balance	43,038	-
Surplus in Statement of profit and loss		
Balance as per last account	3,164,188,721	1,971,670,303
Add: Profit for the current year	1,910,155,539	1,490,648,023
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(382,031,108)	(298,129,605)
Net surplus in the statement of profit and loss	4,692,313,152	3,164,188,721
Total	14,678,668,200	12,169,016,778

Note 5 - Long term borrowings

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,596,493,655	4,925,719,985	9,573,051,676	5,837,593,695
Redeemable non convertible debentures				
Secured	7,992,164,505	2,500,000,000	6,565,305,921	322,705,230
Less: transferred to Other liabilities	-	(7,425,719,985)	-	(6,160,298,925)
Total	17,588,658,160	- 16,138,357,597		-

*Amount disclosed under the head 'Other liabilities'

Notes forming part of the financial statements for the year ended March 31, 2016

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2016		As at March 31, 2015	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	333,599,997
Axis Bank Limited- TL II	>=10.20%<12.15%	13-Quarterly repayments	153,846,154	307,692,308	461,538,462	307,692,308
Axis Bank Limited - TL III	>=10.20%<12.15%	13-Quarterly repayments	246,153,846	123,076,924	92,307,692	7,692,308
Bank of Baroda Limited	>=10.20%<12.15%	16-Quarterly repayments	250,000,000	250,000,000	500,000,000	250,000,000
Bank of Baroda Limited - TL II	>=10.20%<12.15%	20-Quarterly repayments	500,000,000	200,000,000	700,000,000	200,000,000
Bank of India Limited	>=10.20%<12.15%	16-Quarterly repayments	375,000,000	375,000,000	750,000,000	375,000,000
Canara Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	333,600,000	333,600,000	333,200,000
Corporation Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	50,000,000	50,000,000	100,000,000
Corporation Bank Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	200,000,001	66,666,666	266,666,667	33,333,333
Dena Bank	>=10.20%<12.15%	8 - Half yearly repayments	150,000,000	-	-	-
Development Credit Bank Limited	>=10.20%<12.15%	7-Quarterly repayments	-	-	-	107,200,000
Federal Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,332	83,333,333	83,333,333
Federal Bank Limited - TL II	>=10.20%<12.15%	12-Quarterly repayments	24,996,668	33,333,332	58,333,292	33,333,332
ICICI Bank Limited	>=10.20%<12.15%	11-Quarterly repayments	-	-	-	90,909,091
ICICI Bank Limited - II	>=10.20%<12.15%	10-Quarterly repayments	300,000,000	400,000,000	700,000,000	300,000,000
IDBI Bank Limited	>=10.20%<12.15%	18 - Quarterly repayments	361,111,110	111,111,112	-	-
Indian Overseas Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	444,444,444	222,222,223	666,666,667	222,222,222
Indusind Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	75,000,000	75,000,000	100,000,000
IndusInd Bank Limited - TL II	>=10.20%<12.15%	10-Quarterly repayments	30,000,000	120,000,000	150,000,000	120,000,000
ING Vysya Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	41,666,667	41,666,667	166,666,667
ING Vysya Bank Limited - TL III	>=10.20%<12.15%	20-Quarterly repayments	575,000,000	200,000,000	775,000,000	200,000,000
Kotak Mahindra Bank Limited- TL II	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,334	83,333,333	166,666,667
Kotak Mahindra Bank Limited - TL III	>=10.20%<12.15%	16-Quarterly repayments	437,500,000	250,000,000	687,500,000	250,000,000
Punjab National Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	133,336,924	133,333,333	333,333,333
Punjab National Bank - II	>=10.20%<12.15%	16-Quarterly repayments	481,250,000	68,750,000	-	-
South Indian Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	166,666,672	55,555,552	222,222,224	27,777,776
South Indian Bank - II	>=10.20%<12.15%	16-Quarterly repayments	234,375,000	15,625,000	-	-
State Bank of Bikaner and Jaipur Limited	>=10.20%<12.15%	12-Quarterly repayments	16,425	166,666,667	166,666,666	166,666,667
State Bank of Bikaner and Jaipur Limited - II	>=10.20%<12.15%	8 - Half yearly repayments	750,000,000	-	-	-
State Bank of Hyderabad Limited	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,279	83,333,333	166,666,667
State Bank of Hyderabad Limited - II	>=10.20%<12.15%	18-Quarterly repayments	833,333,335	166,666,665	-	-
State Bank of India Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	667,200,000
State Bank of India Limited - TL II	>=10.20%<12.15%	18-Quarterly repayments	1,444,300,000	444,400,000	1,888,700,000	111,300,000
State Bank of Mysore Limited	>=10.20%<12.15%	12-Quarterly repayments	-	20,650,000	20,650,007	83,399,997
State Bank of Mysore Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	416,500,000	166,700,000	583,200,000	166,800,000
State Bank of Mysore Limited - TL III	>=10.20%<12.15%	9 - Half yearly repayments	444,400,000	55,600,000	-	-
State Bank of Patiala Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	333,599,997
State Bank of Patiala - II	>=10.20%<12.15%	9 - Half yearly repayments	777,600,000	222,400,000	-	-
Total			9,596,493,655	4,925,719,985	9,573,051,676	5,837,593,695

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 ₹ 23,144,053,552/- (March 2015 ₹ 21,689,503,800/-)

Notes forming part of the financial statements for the year ended March 31, 2016

b) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment as on March 31, 2016

Redeemable within	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Rate of interest		Rate of interest	
	>= 0% < 12.25%		>= 0% < 13%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
0-12 Months	-	2,500,000,000	-	322,705,230
12-24 Months	1,760,836,605	-	2,500,000,000	-
24-36 Months	3,731,327,900	-	1,349,368,636	-
36-48 Months	1,350,000,000	-	1,215,937,285	-
48-60 Months	1,000,000,000	-	1,350,000,000	-
Above 60 Months	150,000,000	-	150,000,000	-
Total	7,992,164,505	2,500,000,000	6,565,305,921	322,705,230

Nature of Security:

- 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 ₹ 11,654,260,000/- (March 2015: ₹ 7,97,61,06,000); and
 - first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat
- 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.

Note 6 Other liabilities

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
Deposits from clients	-	-	-	210,326,231
Unamortised fees	102,464,760	76,040,637	138,985,631	63,184,606
Interest accrued but not due on loans	-	741,757,195	-	584,093,633
Tax deducted at source payable	-	8,190,180	-	8,907,821
Statutory liabilities Payable	-	688,017	-	560,824
Current maturities of long term debts (Refer note 5)	-	7,425,719,985	-	6,160,298,925
Book Overdraft	-	178,111,795	-	-
Employee benefits payable	-	153,741,500	-	110,000,000
Others	-	6,825,404	-	13,546,264
Total	102,464,760	8,591,074,713	138,985,631	7,150,918,304

Notes forming part of the financial statements for the year ended March 31, 2016

Note 7 Provisions

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
For employee benefit				
For gratuity	414,975	1,429,946	-	1,004,188
For leave encashment and availment	2,589,610	300,759	2,052,181	85,641
For Others				
For non-performing assets	20,000,000	-	19,384,975	-
For standard assets	123,135,070	48,470,711	98,078,094	40,324,048
For income tax (net of advance tax)	-	7,018,567	-	16,488,702
Total	146,139,655	57,219,983	119,515,250	57,902,579

Note 8 Short term borrowing

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Secured Loan		
Bank overdraft	1,088,673,837	-
Unsecured Loan		
Commercial papers		
i) From banks	500,000,000	250,000,000
ii) other than banks	3,500,000,000	3,250,000,000
Less: Unamortised discount	(94,511,986)	(60,784,175)
Total	4,994,161,851	3,439,215,825

Note 9 Fixed assets

Particulars	Tangible Assets						Intangible Assets		Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software		
Gross Block									
As at March 31, 2014	1,505,100	4,654,510	2,041,463	2,768,288	16,453,451	27,422,812	1,486,520	28,909,332	
Additions	-	2,387,785	746,633	124,890	-	3,259,308	1,772,524	5,031,832	
Deletions	-	82,037	72,800	-	-	154,837	-	154,837	
As at March 31, 2015	1,505,100	6,960,258	2,715,296	2,893,178	16,453,451	30,527,283	3,259,044	33,786,327	
Additions	-	9,146,201	2,016,017	1,280,518	15,319,058	27,761,794	1,670,959	29,432,753	
Deletions	-	-	425,563	139,813	-	565,376	-	565,376	
As at March 31, 2016	1,505,100	16,106,459	4,305,750	4,033,883	31,772,509	57,723,701	4,930,003	62,653,704	
Depreciation									
As at March 31, 2014	-	2,870,287	1,028,466	1,207,324	12,700,792	17,806,869	248,795	18,055,664	
Additions	-	1,656,045	525,161	559,215	3,752,659	6,493,080	627,058	7,120,138	
Deletions	-	70,771	30,334	-	-	101,105	-	101,105	
As at March 31, 2015	-	4,455,561	1,523,293	1,766,539	16,453,451	24,198,844	875,853	25,074,697	
Additions	-	2,167,348	809,531	611,450	349,715	3,938,044	1,178,247	5,116,291	
Deletions	-	-	420,424	121,184	-	541,608	-	541,608	
As at March 31, 2016	-	6,622,909	1,912,400	2,256,805	16,803,166	27,595,280	2,054,100	29,649,380	
Net Block									
As at March 31, 2015	1,505,100	2,504,697	1,192,003	1,126,639	-	6,328,439	2,383,191	8,711,630	
As at March 31, 2016	1,505,100	9,483,550	2,393,350	1,777,078	14,969,343	30,128,421	2,875,903	33,004,324	

Notes forming part of the financial statements for the year ended March 31, 2016

Note 10 Non-current investments

Particulars	Amount in ₹					
	As at March 31, 2016			As at March 31, 2015		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Investment in wholly owned subsidiaries						
IndoStar Asset Advisory Private Limited (10,000 share of Face value of ₹ 10/- each)	10	1,000	100,000	10	1,000	100,000
IndoStar Home Finance Private Limited (1,00,00,000 share of Face value of ₹ 10/- each)	10	10,000,000	100,000,000			-
Quoted -Investments in debentures						
Indrajit Power Private Limited	-	-	-	840,000	650	546,000,000
Total		10,001,000	100,100,000		1,650	546,100,000
Aggregate Value of Quoted Investments						
Cost of acquisition*						546,000,000
Market value*						546,000,000

*Investment in debentures of Indrajit Power Private Limited (the Company) are privately placed and listed on BSE . However there are no trades in the debentures of the Company. Hence the cost of Investment is considered as market value.

Note 11 Deferred tax assets (net)

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting period	2,946,027	3,822,089
Provision for standard assets	59,389,329	47,042,888
Origination fees unamortised	61,777,148	68,717,663
Provision for gratuity	638,490	341,324
Provision for leave encashment	1,000,299	726,646
Provision for non performing assets	6,921,600	6,588,953
Total (A)	132,672,893	127,239,563
Deferred tax liability created during the year		
Borrowing costs amortisation	(29,648,623)	(42,067,754)
Total (B)	(29,648,623)	(42,067,754)
Net deferred tax asset (A-B)	103,024,270	85,171,809

Notes forming part of the financial statements for the year ended March 31, 2016

Note 12 Loans and advances

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	19,092,566	-	4,583,548	-
Secured, considered good				
Hypothecation loans	16,881,082,511	4,514,488,179	14,879,001,623	4,649,695,571
Debentures	13,902,675,148	1,452,625,594	8,590,032,569	660,639,560
Short term loans	-	1,000,000,000	-	1,000,000,000
Secured, considered doubtful				
Hypothecation loans	100,000,000	-	193,849,748	-
Unsecured, considered good				
Hypothecation loans	-	-	571,428,572	228,571,428
Debentures	-	-	-	-
Short term loans	-	4,800,000,000	-	2,973,100,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	14,512,459	-	8,599,765
Prepaid expenses	74,303,204	48,752,271	98,849,419	61,295,248
Service tax (Including Input credit)	-	1,613,430	-	401,640
Others	-	21,117,767	-	893,111
Total	30,977,153,429	11,853,109,700	24,337,745,479	9,583,196,323

Note 13 Other assets

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	-	-	11,013,897
Interest accrued but not due on loans	-	350,560,141	53,704,595	414,561,975
Interest accrued on fixed deposits with banks	-	5,204,249	-	20,275,195
Total	-	355,764,390	53,704,595	445,851,067

Notes 14 Cash and bank balances

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Cash on hand	-	50,540	-	-
ii) Balances with scheduled banks in:				
Current accounts	-	939,951,369	-	287,291,972
Deposits with original maturity of less than three months	-	2,475,500,000	-	1,830,000,000
iii) Cheque on hand	-	416,569	-	4,088,610
Deposits with original maturity of more than three months but less than six months	-	80,000,000	-	2,735,000,000
Total	-	3,495,918,478	-	4,856,380,582

Notes forming part of the financial statements for the year ended March 31, 2016

Note 15 Revenue from operations

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on:		
- Loan portfolio and related charges	5,345,095,632	4,243,424,251
- Deposits with banks	235,233,099	337,435,026
- Fixed income debt instruments	62,085,818	85,643,739
Other financial services:		
- Origination fees	681,293,336	512,848,373
- Syndication & other fees	89,537,116	88,782,290
- Gain on sale of loan assets	-	12,395,821
Total	6,413,245,001	5,280,529,500

Note 16 Other income

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Dividend from debt mutual fund units	537,221	-
Miscellaneous income	1,907	26,559
Total	539,128	26,559

Note 17 Employee benefit expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, other allowances and bonus	383,673,813	270,988,098
Gratuity expenses	840,733	1,601,823
Leave encashment	821,401	1,274,798
Contribution to provident and other funds	7,061,065	4,763,218
Staff welfare expenses	2,104,984	1,948,728
Total	394,501,996	280,576,665

Note 18 Finance cost

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense on		
Debentures	971,108,012	753,779,000
Deposits from clients	1,116,386	67,314,489
Loans from banks	1,608,701,293	1,487,687,478
Commercial paper	225,649,689	190,812,480
Other borrowing costs		
Processing charges on loans	50,373,481	52,764,990
Bank charges & other related costs	35,641,772	28,457,935
Total	2,892,590,633	2,580,816,372

Notes forming part of the financial statements for the year ended March 31, 2016

Note 19 Other expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	23,202,144	17,744,034
Rates & taxes	7,071,660	8,060,277
Printing & stationery	1,008,966	602,928
Travelling & conveyance	7,448,621	3,701,571
Advertisement	521,447	195,323
Business Promotion	2,453,734	2,080,511
Conference charges	351,604	143,748
Commission & brokerage	27,555,862	1,029,357
Office expenses	20,499,637	13,881,974
Directors' sitting fees	4,878,483	8,009,444
Insurance	1,526,366	3,786,579
Communication expenses	2,140,919	1,150,341
Payment to auditor		
- Audit fees	3,601,306	2,654,500
- Tax audit fees	321,750	318,540
- Certification	348,563	270,881
- Out of pocket	-	53,143
Loss on sale of loan assets	7,895,700	-
CSR expenses	12,500,000	10,000,000
Legal & professional charges	39,096,152	44,808,908
Loss on sale of fixed assets (net)	21,409	22,444
Membership & subscriptions	2,304,205	2,264,674
Miscellaneous expenses	2,552	14,280
Total	164,751,080	120,793,457

Note 20 Provisions

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for standard assets	33,203,639	30,372,218
Provision for non-performing assets	615,025	-
Total	33,818,664	30,372,218

Note 21 Earnings per share

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit after tax as per profit and loss account Amount in Rupees (A)	1,910,155,539	1,490,648,023
Weighted average number of equity shares for calculating Basic EPS (B)	71,641,552	68,628,985
Weighted average number of equity shares for calculating Diluted EPS (C)	72,554,552	69,552,985
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (A) / (B)	26.66	21.72
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (A) / (C)	26.33	21.43

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average number of equity shares for calculating Basic EPS	71,641,552	68,628,985
Add : Equity shares for no consideration arising on grant of stock options under ESOP	913,000	924,000
Weighted average number of equity shares in calculating Diluted EPS	72,554,552	69,552,985

Notes forming part of the financial statements for the year ended March 31, 2016

Note 22 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.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	1,496,619	1,040,154
Interest cost on benefit obligation	317,318	206,679
Expected return on plan assets	(333,616)	(228,767)
Net actuarial (gain) / loss recognised in the year	(639,588)	583,757
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	840,733	1,601,823

Balance sheet

Details of Provision for gratuity

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	(5,187,432)	(4,077,761)
Fair value of plan assets	3,342,511	3,073,573
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,844,921)	(1,004,188)

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	4,077,761	2,277,797
Interest cost	317,318	206,679
Current service cost	1,496,619	1,040,154
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(704,266)	553,131
Closing defined benefit obligation	5,187,432	4,077,761

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Investments with insurer	3,342,511	3,073,573

Notes forming part of the financial statements for the year ended March 31, 2016

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Discount Rate	7.80%	7.80%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

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.

*10% at younger ages reducing to 6% at older ages

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

Particulars	Amount in ₹				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	5,187,432	4,077,761	2,277,797	2,019,308	918,890
Plan assets	3,342,511	3,073,573	2,015,432	1,415,180	-
Surplus / (deficit)	(1,844,921)	(1,004,188)	(262,365)	(604,128)	(918,890)
Experience adjustments on plan liabilities	(1,682,888)	26,861	(632,462)	(208,423)	(429,171)
Experience adjustments on plan assets	64,678	30,626	12,284	49,041	-

Note 23 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; 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 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 20 June 2012, the board of directors approved the share-based employee benefits ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the key employees and directors of the company. According to the Scheme 2012, 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 the Scheme 2012 are summarized below:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14
Number of option granted	203,000	100,000	20,000	10,000	666,000
Number of option cancelled	30,000	-	20,000	10,000	26,000
Number of option outstanding	173,000	100,000	-	-	640,000
Weighted average remaining contractual life (in years)	5	6	4	4	6
Weighted average fair value of options granted (₹)	99.63	102.52	91.11	92.16	105.67
Weighted Average Exercise Price (₹)	140.00	145.00	145.10	147.24	149.37

The range of exercise prices for options outstanding at the end of the year was ₹ 140.00 to ₹ 149.37 (31 March 2015: ₹ 140.00 to ₹ 149.37)

Notes forming part of the financial statements for the year ended March 31, 2016

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

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733
Risk-free interest rate	8%	8%	8%	8%	8%
Weighted average share price (₹)	Nil	Nil	Nil	Nil	Nil
Exercise price (₹)	140.00	145.00	145.10	147.24	149.37
Expected life of options granted in years	5	6	4	4	6

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, 2016	For the year ended March 31, 2015
Profit after tax as reported	1,910,155,539	1,490,648,023
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	43,166,392	26,739,061
Proforma profit after tax	1,866,989,147	1,463,908,962
Earnings Per Share		
Basic		
- As reported	26.66	21.72
- Proforma	26.06	21.33
Diluted		
- As reported	26.33	21.43
- Proforma	25.73	21.05

Note 24 Related party disclosure

Names of related parties and related party relationships

Holding Company	IndoStar Capital (Mauritus)
Subsidiary Company	IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited
Key Managerial Personnel	Vimal Bhandari - MD & CEO Shailesh Shirali - Wholetime Director

Notes forming part of the financial statements for the year ended March 31, 2016

I. Related party with whom transactions have taken place during the period

Name of related party & nature of relationship	Particulars	Amount in ₹	
		For the year ended March 31, 2016	For the year ended March 31, 2015
Key managerial personnel			
Vimal Bhandari	Investment in share capital	6,855,138	-
	Securities premium	82,344,000	-
	Remuneration paid*	48,487,993	43,939,375
	Expenses reimbursed	659,267	725,048
Shailesh Shirali	Investment in share capital	23,053,843	-
	Securities premium	276,923,040	-
	Remuneration paid*	48,997,036	46,649,499
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Reimbursement of expenses	9,033,390	380,900
	Loans and Advances (Net)	11,703,477	-
IndoStar Home Finance Private Limited	Investment in subsidiary	100,000,000	-

*include bonus on accrual basis

II. Balance as at period end

Name of related party & nature of relationship	Particulars	Amount in ₹	
		As at March 31, 2016	As at March 31, 2015
Holding Company			
IndoStar Capital (Mauritius)	Investment in share capital	713,696,350	680,353,320
	Securities premium	8,564,356,200	8,164,239,840
Key managerial personnel			
Vimal Bhandari	Investment in share capital	4,314,580	2,314,552
	Securities premium	51,774,960	27,692,280
Shailesh Shirali	Investment in share capital	5,969,150	23,077
	Securities premium	71,629,800	-
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	100,000	100,000
	Reimbursement of expenses	21,117,767	380,900
IndoStar Home Finance Private Limited	Investment in subsidiary	100,000,000	-

Note 25 Contingent liabilities and Commitments

Capital and other commitments	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account	18,347,580	-
Income Tax	255,032	-
Loans sanctioned not yet disbursed	3,392,530,921	4,459,752,370

Notes forming part of the financial statements for the year ended March 31, 2016

Note 26 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 ₹ 2,32,02,144 (March 31, 2015: ₹ 1,77,44,034). The non-cancellable operating lease agreements are for a period of 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 :

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Minimum Lease Payments:		
Not later than one year	34,997,101	16,541,844
Later than one year but not later than five years	141,524,393	65,615,980
Later than five years	6,167,535	-

Note 27 Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as 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 28 Capital to Risk Assets Ratio Disclosure

Particulars	As at	
	March 31, 2016	March 31, 2015
(i) CRAR (%)	34.21	32.64
(ii) CRAR – Tier I capital (%)	33.82	32.29
(iii) CRAR – Tier II capital (%)	0.38	0.35
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

Notes forming part of the financial statements for the year ended March 31, 2016

Note 29 Asset liability management

Particulars	Amount in ₹							
	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	Over 3 years to 5 years	Over 5 years
Liabilities:								
Borrowings from banks	1,469,568,920	462,956,418	532,158,119	1,385,720,084	2,342,115,168	6,712,255,547	2,884,225,018	-
Market borrowings	100,000,000	2,642,252,667	2,940,535,636	-	722,699,702	6,692,164,514	1,150,000,000	150,000,000
Assets:								
Loans & advances	444,286,290	454,800,484	3,875,611,333	2,972,883,132	4,023,617,837	22,684,079,042	6,181,877,803	2,013,715,511
Investments								100,100,000

Note 30 Exposure to real estate sector

Category	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Direct exposure		
A i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakhs may be shown separately)	2,195,554,110	74,076,681
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;	17,201,092,761	12,282,311,575
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

Note 31 Exposure to capital market

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
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;	2,350,000,000	1,000,000,000

Notes forming part of the financial statements for the year ended March 31, 2016

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
4 Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
5 Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6 Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7 Bridge loans to companies against expected equity flows / issues;	-	-
8 All exposures to Venture Capital Funds (both registered and unregistered)	-	-

Note 32 Other Disclosures Pursuant to the RBI Circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Provisions for depreciation on Investment	-	-
2 Provision towards NPA	615,025	-
3 Provision made towards Income tax	1,030,702,387	774,098,041
4 Other Provision and Contingencies (with details)	-	-
5 Provision for Standard Assets	33,203,639	30,372,218

II - Concentration of Advances

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Total Advances to twenty largest borrowers	26,157,776,339	22,677,160,393
2 Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	61.33%	66.13%

III - Concentration of Exposures

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Total Exposure to twenty largest borrowers /customers	31,029,731,437	26,971,172,299
2 Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	65.33%	57.21%

IV - Concentration of NPAs

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Total Exposure to top four NPA accounts	100,000,000	193,849,748

Notes forming part of the financial statements for the year ended March 31, 2016

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Agriculture and allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	0.58%	1.57%
4 Services	-	-
5 Unsecured personal loans	-	-
6 Auto loans	-	-
7 Other personal loans	-	-

VI - Movement of NPAs

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Net NPAs to Net Advances (%)	0.19%	0.52%
Movement of NPAs (Gross)		
Opening balance	193,849,747	193,849,747
Additions during the year	80,000,000	-
Reductions during the year	173,849,747	-
Closing balance	100,000,000	193,849,747
Movement of Net NPAs		
Opening balance	174,464,772	174,464,772
Additions during the year	72,000,000	-
Reductions during the year	166,464,772	-
Closing balance	80,000,000	174,464,772
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	19,384,975	19,384,975
Provisions made during the year	27,384,975	-
Write-off / write-back of excess provisions	26,769,950	-
Closing balance	20,000,000	19,384,975

VII - Customer Complaints

Particulars	As at March 31, 2016
1 No. of complaints pending at the beginning of the year	NIL
2 No. of complaints received during the year	1
3 No. of complaints redressed during the year	1
4 No. of complaints pending at the end of the year	NIL

VIII - Investments

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	100,100,000	546,100,000
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		

Notes forming part of the financial statements for the year ended March 31, 2016

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
(a) In India	100,100,000	546,100,000
(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 financial year.

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

Sr. No.	Instrument	Credit Rating Agency	As at	
			March 31, 2016	March 31, 2015
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Bank term loan	CARE	AA-	AA-
3	NCD	CARE	AA-	AA-
		INDIA RATINGS	AA-	-

XIV Unsecured Advances against intangible securities : None

Note 33 Previous years comparative

Previous year / periods figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year / periods 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. 37924

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Vimal Bhandari

MD & CEO

DIN: 00001318

Dhanpal Jhaveri

Director

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place : Mumbai

Date : May 13, 2016

Place : Mumbai

Date : May 13, 2016

Notes forming part of the financial statements for the year ended March 31, 2016

As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Particulars	Amount in ₹	
	As at March 31, 2016	
	Amount outstanding	Amount overdue
Liabilities side :		
(1) Loans and advances availed by the NBFCs		
inclusive of interest accrued thereon but not paid:		
(a) Debenture : Secured	10,492,164,505	
: Unsecured		-
(b) Deferred Credits	-	-
(c) Term Loans	14,522,213,640	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	4,000,000,000	-
(f) Public Deposits (Refer Note 1 below)	-	-
(g) Other Loans	1,088,673,837	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding	Amount overdue
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-
Assets side :	Amount outstanding	
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured		37,850,871,432
(b) Unsecured		4,800,000,000
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	Amount outstanding	
(i) Lease assets including lease rentals under sundry debtors :	-	-
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on Hire including hire charges under sundry debtors :	-	-
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC Activities :	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
(5) Break-up of Investments :	Amount outstanding	
Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debenture and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others: Certificates of deposit	-	-

Notes forming part of the financial statements for the year ended March 31, 2016

Amount in ₹

Particulars	As at March 31, 2016	
	Amount outstanding	
Long Term investments :		
1. Quoted :		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(i) Shares: (a) Equity	100,100,000	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :

Please see Note 2 below

Amount in ₹

Category	Amount in Rupees (Net of provisions)		Total
	Secured	Unsecured	
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	37,850,871,432	4,800,000,000	42,650,871,432

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Please see note 3 below

Amount in ₹

Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
	1. Related Parties **	
(a) Subsidiaries	100,100,000	100,100,000
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-

(8) Other information

Particulars	Amount in ₹
(i) Gross Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	100,000,000
(ii) Net Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	80,000,000
(iii) Assets acquired in satisfaction of debt	-

Notes :

- As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2015.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

Independent Auditor's Report

To the Members of INDOSTAR CAPITAL FINANCE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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 consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" 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 consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 25 to the consolidated financial statements;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India.

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

per **Jayesh Gandhi**
Partner
Membership No. 37924

Place of Signature: Mumbai
Date : May 13, 2016

Annexure I to the Independent Auditor's Report of even date on the Consolidated 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")

In conjunction with our audit of the consolidated financial statements of IndoStar Capital Finance Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting 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, both, issued by Institute of Chartered Accountants of India, and

deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Annexure I to the Independent Auditor's Report of even date on the Consolidated Financial Statements of IndoStar Capital Finance Limited

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have,

maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding 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 No. 301003E/E300005

per **Jayesh Gandhi**

Partner

Membership No. 37924

Place of Signature: Mumbai

Date : May 13, 2016

Consolidated Balance Sheet as at March 31, 2016

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	733,544,290	683,650,397
(b) Reserves and surplus	4	14,684,617,270	12,168,702,049
		15,418,161,560	12,852,352,446
(2) Non-current liabilities			
(a) Long-term borrowings	5	17,588,658,160	16,138,357,597
(b) Other Long term liabilities	6	102,464,760	138,985,631
(c) Long term provisions	7	146,139,655	119,515,250
		17,837,262,575	16,396,858,478
(3) Current liabilities			
(a) Short-term borrowings	8	4,994,161,851	3,439,215,825
(b) Trade payables (Refer note 27)		32,914,259	19,352,096
(c) Other current liabilities	6	8,591,950,714	7,150,918,304
(d) Short-term provisions	7	58,359,714	57,762,010
		13,677,386,538	10,667,248,235
Total		46,932,810,673	39,916,459,159
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		30,214,999	6,328,439
(ii) Intangible assets		2,875,903	2,383,191
(ii) Capital work in progress		4,425,799	
(b) Non-current investments	10	-	546,000,000
(c) Deferred tax assets (net)	11	103,019,162	85,171,809
(d) Long term loans and advances	12	30,985,034,983	24,337,745,479
(e) Other non-current assets	13	-	53,704,595
		31,125,570,846	25,031,333,513
(2) Current assets			
(a) Cash and bank balances	14	3,596,092,728	4,856,459,156
(b) Short-term loans and advances	12	11,853,955,992	9,582,815,423
(c) Other current assets	13	357,191,107	445,851,067
		15,807,239,827	14,885,125,646
Total		46,932,810,673	39,916,459,159

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. 37924

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

Vimal Bhandari
MD & CEO
DIN: 00001318

Dhanpal Jhaveri
Director
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place : Mumbai
Date : May 13, 2016

Place : Mumbai
Date : May 13, 2016

Consolidated Statement of Profit and Loss

for the period ended March 31, 2016

(Amount in Rupees)

Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	15	6,439,962,705	5,280,529,500
Other income	16	539,128	26,559
Total		6,440,501,833	5,280,556,059
Expenditure			
Employee benefit expenses	17	394,501,996	280,576,665
Finance cost	18	2,892,590,633	2,580,816,372
Depreciation and amortisation	9	5,132,309	7,120,134
Other expenses	19	182,387,138	121,207,019
Provisions for standard assets and NPA	20	33,818,664	30,372,218
Total		3,508,430,740	3,020,092,408
Profit before taxation		2,932,071,093	2,260,463,651
Provision for taxation			
Current tax		1,033,499,106	773,957,472
Deferred tax		(17,847,351)	(3,868,851)
Total tax expense		1,015,651,755	770,088,621
Net profit after taxes		1,916,419,338	1,490,375,030
Earnings per share			
	21		
Basic (₹)		26.75	21.72
Diluted (₹)		26.41	21.43
Nominal value of equity share (₹)		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. 37924

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Vimal Bhandari

MD & CEO

DIN: 00001318

Dhanpal Jhaveri

Director

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place : Mumbai

Date : May 13, 2016

Place : Mumbai

Date : May 13, 2016

Consolidated Cash Flow Statement

for the year ended March 31, 2016

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
A. Cash flow from operating activities		
Profit before taxes	2,932,071,093	2,260,463,651
Depreciation and amortisation	5,132,309	7,120,134
Loss / (profit) on sale of fixed assets (net)	21,409	22,444
Provisions for non performing assets	615,025	-
Provisions for standard assets	33,203,639	30,372,218
Provision for gratuity	840,733	741,823
Provision for leave encashment	752,547	1,160,909
Operating profit before working capital changes	2,972,636,755	2,299,881,179
Movements in working capital:		
Increase / (decrease) in trade payables	13,562,163	16,648,067
Increase in other liabilities	1,404,511,539	763,872,693
(Increase) / Decrease in loans and advances	(8,918,430,073)	(8,051,322,135)
(Increase) / Decrease in other assets	142,364,555	(137,635,210)
Cash generated from operations	(4,385,355,061)	(5,108,555,406)
Direct taxes paid (net of refunds)	(1,041,688,943)	(767,633,505)
Net cash flow from / used in operating activities (A)	(5,427,044,004)	(5,876,188,911)
B. Cash flows from investing activities		
Purchase of fixed including intangible assets	(29,535,349)	(5,031,832)
Increase in Capital work in progress	(4,425,799)	-
Proceeds from sale of fixed assets	2,359	31,291
Repayments from fixed income debt instruments	546,000,000	62,400,000
Bank deposits (having original maturity of more than three months)(net)	2,655,000,000	(2,320,000,000)
Net cash used in investing activities (B)	3,167,041,211	(2,262,600,541)
C. Cash Flows from financing activities		
Call made on partly paid shares	649,346,738	-
Forfeiture of Equity Shares	43,038	-
Amount raised from short term borrowings	1,554,946,026	1,770,791,350
Term loans from banks	23,441,979	1,662,187,077
Amount received on issue of NCDs	1,426,858,584	2,560,469,460
Net cash from financing activities (C)	3,654,636,365	5,993,447,887
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,394,633,572	(2,145,341,565)
Cash and Cash Equivalents at the beginning of the year	2,121,459,156	4,266,800,721
Cash and Cash Equivalents at the end of the year	3,516,092,728	2,121,459,156

Consolidated Cash Flow Statement

for the year ended March 31, 2016

Components of Cash and Cash Equivalents	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash and Cash Equivalents at the end of the year		
i) Cheque on hand	416,569	4,088,610
ii) Cash on hand	52,986	10
ii) Balances with scheduled banks in:		
Current accounts	940,173,173	287,370,536
Deposits with original maturity of less than three months	2,575,450,000	1,830,000,000
Total cash and cash equivalents	3,516,092,728	2,121,459,156

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. 37924

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Vimal Bhandari

MD & CEO

DIN: 00001318

Dhanpal Jhaveri

Director

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place : Mumbai

Date : May 13, 2016

Place : Mumbai

Date : May 13, 2016

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

1. Basis of preparation

The Consolidated financial statements relates to IndoStar Capital Finance Limited (the company), its subsidiary companies. The company, its subsidiary companies constitute the group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under provisions of the Companies Act, 2013 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.

2. Basis of Consolidation

- i. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company i.e. year ended March 31, 2016 and are prepared based on the accounting policies consistent with those used by the company.
- ii. The financial statements of the group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' in consolidated financial statements, notified under the provisions of the Companies Act, 2013 (the 'Act') and other generally accepted accounting principles in India.
- iii. The consolidated financial statements have been prepared on the following basis :
 1. The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.
 2. The excess of cost to the company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated

financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

3. Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

- iv. The subsidiary company IndoStar Asset Advisory Private Limited (IAAPL) and IndoStar Home Finance Private Limited (IHFPL) are 100% subsidiaries of IndoStar Capital Finance Limited and same is considered for preparation of consolidated financial statements.

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

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Change of estimate

During the year ended March 31, 2016 the company has changed its accounting estimate related to the recognition of origination fees collected from the

clients, based on the fees collected and behaviour of the loan portfolio. Had the Company followed earlier estimates, profit for the year would have been lower by ₹ 627.03 Lakhs

(c) Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Tangible Fixed Assets

Fixed assets 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 fixed 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.

Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Act. The estimated useful life used are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Furniture and Fixtures	5 Years	10 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Computers	3 Years	3 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.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation.

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.

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

Intangible assets

Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI')

and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.

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 asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

prevailed by charging usual depreciation if there was no impairment.

(d) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Non- Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015. Pursuant to Reserve Bank India (RBI) notification no. DNBR 011/CGM (CDS) dated March 27, 2015, the company has revised its recognition norms of Non- Performing Assets (NPA) from 180 days to 150 days.

Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued by Reserve Bank of India.

(f) Loans

Loans are stated at the amount advanced and expenses recoverable, 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 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 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

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

balance fee is amortised over the tenure of the loan.

- viii Management fees are recognised on accrual basis as per the terms of the agreement.
- ix 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 in the year it is incurred.

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.

(k) Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. 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 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.

The carrying cost of the 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.

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

(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) Referral Fees

Referral fees expenses to the distributors is amortised over the term of fund.

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

(p) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit.

(q) Borrowing costs

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

(r) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 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.

(s) 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.

Note 3 Share capital

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Authorised		
8,00,00,000 (March 31, 2015: 8,00,00,000) Equity Shares of ₹ 10/- each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued & Subscribed		
Equity Shares		
73,354,429 (March 31, 2015: 6,86,19,947) equity shares of ₹ 10/- each fully paid up	733,544,290	686,199,470
Less: Nil (March 31, 2015: 2,60,958) equity shares of ₹ 10/- each fully paid up issued to employees through IndoStar Trust or held by IndoStar Trust	-	(2,609,584)
Nil (March 31, 2015: 90,38,250) equity shares of ₹ 10/- each ₹ 0.01 paid up per share	-	90,383
Less: Nil (March 31, 2015: 29,87,240) equity shares of ₹ 10/- each ₹ 0.01 paid up issued to employees through IndoStar Trust or held by IndoStar Trust	-	(29,872)
Total	733,544,290	683,650,397

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Numbers of shares	Amount in ₹	Numbers of shares	Amount in ₹
Shares outstanding at the beginning of the year	77,658,197	686,289,853	77,658,197	686,289,853
Issued during the period				
	77,658,197	686,289,853	77,658,197	686,289,853
Less: Adjustment for fully paid up shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	-	-	(2,609,584)
Less: Adjustment for partly paid up shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	-	-	(29,872)
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share	-	47,297,475		
Less: 4,303,768 shares ₹ 0.01 paid up per share forfeited on non-payment of call money	(4,303,768)	(43,038)		
Shares outstanding at the end of the year	73,354,429	733,544,290	77,658,197	683,650,397

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

b. Terms/rights attached to equity shares

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

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

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

Name of the shareholders	As at March 31, 2016		As at March 31, 2015	
	Numbers of shares	% holding in the class	Numbers of shares	% holding in the class
Equity shares of ₹ 10/- each				
IndoStar Capital (Mauritius) (Holding Company)	71,369,635	97.30	68,035,332	87.61

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

d. 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 23.

Note 4 Reserves and Surplus

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Securities Premium Account		
Balance as per last account	8,227,128,268	8,227,128,268
Add: Received during the period	568,137,840	
Less: Premium on equity shares issued to employees through IndoStar Trust or held by IndoStar Trust	-	(31,315,005)
Closing balance	8,795,266,108	8,195,813,263
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	808,960,195	510,885,189
Add: Transfer from surplus balance in statement of profit and loss (at year end)	382,031,107	298,075,006
Closing balance	1,190,991,302	808,960,195
Capital Reserve (4,303,768 shares ₹ 0.01 paid up per share forfeited on non- payment of call money and amount received transferred)	43,038	-
Closing balance	43,038	-
Surplus in Statement of profit and loss		
Balance as per last account	3,163,928,591	1,971,628,567
Add: Profit for the current year	1,916,419,338	1,490,375,030
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(382,031,107)	(298,075,006)
Net surplus in the statement of profit and loss	4,698,316,822	3,163,928,591
Total	14,684,617,270	12,168,702,049

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 5 Long term borrowings

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,596,493,655	4,925,719,985	9,573,051,676	5,837,593,695
Redeemable non convertible debentures				
Secured	7,992,164,505	2,500,000,000	6,565,305,921	322,705,230
Less: transferred to other liabilities		(7,425,719,985)		(6,160,298,925)
Total	17,588,658,160	- 16,138,357,597		

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2016		As at March 31, 2015	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	333,599,997
Axis Bank Limited- TL II	>=10.20%<12.15%	13-Quarterly repayments	153,846,154	307,692,308	461,538,462	307,692,308
Axis Bank Limited - TL III	>=10.20%<12.15%	13-Quarterly repayments	246,153,846	123,076,924	92,307,692	7,692,308
Bank of Baroda Limited	>=10.20%<12.15%	16-Quarterly repayments	250,000,000	250,000,000	500,000,000	250,000,000
Bank of Baroda Limited - TL II	>=10.20%<12.15%	20-Quarterly repayments	500,000,000	200,000,000	700,000,000	200,000,000
Bank of India Limited	>=10.20%<12.15%	16-Quarterly repayments	375,000,000	375,000,000	750,000,000	375,000,000
Canara Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	333,600,000	333,600,000	333,200,000
Corporation Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	50,000,000	50,000,000	100,000,000
Corporation Bank Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	200,000,001	66,666,666	266,666,667	33,333,333
Dena Bank	>=10.20%<12.15%	8 - Half yearly repayments	150,000,000	-	-	-
Development Credit Bank Limited	>=10.20%<12.15%	7-Quarterly repayments	-	-	-	107,200,000
Federal Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,332	83,333,333	83,333,333
Federal Bank Limited - TL II	>=10.20%<12.15%	12-Quarterly repayments	24,996,668	33,333,332	58,333,290	33,333,332
ICICI Bank Limited	>=10.20%<12.15%	11-Quarterly repayments	-	-	-	90,909,091
ICICI Bank Limited - II	>=10.20%<12.15%	10-Quarterly repayments	300,000,000	400,000,000	700,000,000	300,000,000
IDBI Bank Limited	>=10.20%<12.15%	18 - Quarterly repayments	361,111,110	111,111,112	-	-
Indian Overseas Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	444,444,444	222,222,223	666,666,667	222,222,222
Indusind Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	75,000,000	75,000,000	100,000,000
Indusind Bank Limited - TL II	>=10.20%<12.15%	10-Quarterly repayments	30,000,000	120,000,000	150,000,000	120,000,000
ING Vysya Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	41,666,667	41,666,667	166,666,667
ING Vysya Bank Limited - TL III	>=10.20%<12.15%	20-Quarterly repayments	575,000,000	200,000,000	775,000,000	200,000,000
Kotak Mahindra Bank Limited- TL II	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,334	83,333,333	166,666,667
Kotak Mahindra Bank Limited - TL III	>=10.20%<12.15%	16-Quarterly repayments	437,500,000	250,000,000	687,500,000	250,000,000
Punjab National Bank Limited	>=10.20%<12.15%	12-Quarterly repayments	-	133,336,924	133,333,333	333,333,333
Punjab National Bank - II	>=10.20%<12.15%	16-Quarterly repayments	481,250,000	68,750,000	-	-
South Indian Bank Limited	>=10.20%<12.15%	18-Quarterly repayments	166,666,672	55,555,552	222,222,224	27,777,776
South Indian Bank - II	>=10.20%<12.15%	16-Quarterly repayments	234,375,000	15,625,000	-	-
State Bank of Bikaner and Jaipur Limited	>=10.20%<12.15%	12-Quarterly repayments	16,425	166,666,667	166,666,666	166,666,667
State Bank of Bikaner and Jaipur Limited - II	>=10.20%<12.15%	8 - Half yearly repayments	750,000,000	-	-	-
State Bank of Hyderabad Limited	>=10.20%<12.15%	12-Quarterly repayments	-	83,333,279	83,333,333	166,666,667
State Bank of Hyderabad Limited - II	>=10.20%<12.15%	18-Quarterly repayments	833,333,335	166,666,665	-	-
State Bank of India Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	667,200,000
State Bank of India Limited - TL II	>=10.20%<12.15%	18-Quarterly repayments	1,444,300,000	444,400,000	1,888,700,000	111,300,000
State Bank of Mysore Limited	>=10.20%<12.15%	12-Quarterly repayments	-	20,650,001	20,650,009	83,399,997
State Bank of Mysore Limited - TL II	>=10.20%<12.15%	9 - Half yearly repayments	416,500,000	166,700,000	583,200,000	166,800,000
State Bank of Mysore Limited - TL III	>=10.20%<12.15%	9 - Half yearly repayments	444,400,000	55,600,000	-	-
State Bank of Patiala Limited	>=10.20%<12.15%	12-Quarterly repayments	-	-	-	333,599,997
State Bank of Patiala - II	>=10.20%<12.15%	9 - Half yearly repayments	777,600,000	222,400,000	-	-
Total			9,596,493,655	4,925,719,985	9,573,051,676	5,837,593,695

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 ₹ 23,144,053,552/- (March 2015 ₹ 21,689,503,800/-)

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

b) Non Convertible Debenture

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

Terms of repayment as on March 31, 2016

Redeemable within	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Rate of interest		Rate of interest	
	>= 0% < 12.25%		>= 0% < 13%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
0-12 Months	-	2,500,000,000	-	322,705,230
12-24 Months	1,760,836,605	-	2,500,000,000	-
24-36 Months	3,731,327,900	-	1,349,368,636	-
36-48 Months	1,350,000,000	-	1,215,937,285	-
48-60 Months	1,000,000,000	-	1,350,000,000	-
Above 60 Months	150,000,000	-	150,000,000	-
Total	7,992,164,505	2,500,000,000	6,565,305,921	322,705,230

Nature of Security:

- 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 ₹ 11,654,260,000/- (March 2015: ₹ 7,97,61,06,000); and
 - first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat
- 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.

Note 6 Other liabilities

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
Deposits from clients	-	-	-	210,326,231
Unamortised fees	102,464,760	76,040,637	138,985,631	63,184,606
Interest accrued but not due on loans	-	741,757,195	-	584,093,633
Tax deducted at source payable	-	9,066,181	-	8,907,821
Statutory liabilities Payable	-	688,017	-	560,824
Current maturities of long term debts (Refer note 5)	-	7,425,719,985	-	6,160,298,925
Book Overdraft	-	178,111,795	-	-
Employee benefits payable	-	153,741,500	-	110,000,000
Others	-	6,825,404	-	13,546,264
Total	102,464,760	8,591,950,714	138,985,631	7,150,918,304

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 7 Provisions

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non-Current	Current	Non-Current	Current
For employee benefit				
For gratuity	414,975	1,429,946	-	1,004,188
For leave encashment and availment	2,589,610	300,759	2,052,181	85,641
For Others				
For non-performing assets	20,000,000	-	19,384,975	-
For standard assets	123,135,070	48,470,711	98,078,094	40,324,048
For income tax (net of advance tax)	-	8,158,298	-	16,348,133
Total	146,139,655	58,359,714	119,515,250	57,762,010

Note 8 Short term borrowing

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Secured Loan		
Bank overdraft	1,088,673,837	-
Unsecured Loan		
Commercial papers		
i) From banks	500,000,000	250,000,000
ii) other than banks	3,500,000,000	3,250,000,000
Less: Unamortised discount	(94,511,986)	(60,784,175)
	3,905,488,014	3,439,215,825
Total	4,994,161,851	3,439,215,825

Note 9 Fixed assets

Particulars	Amount in ₹							
	Tangible Assets					Intangible Assets		Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
Gross Block								
As at March 31, 2014	1,505,100	4,654,510	2,041,463	2,768,288	16,453,451	27,422,812	1,486,520	28,909,332
Additions	-	2,387,785	746,633	124,890	-	3,259,308	1,772,524	5,031,832
Deletions	-	82,037	72,800	-	-	154,837	-	154,837
As at March 31, 2015	1,505,100	6,960,258	2,715,296	2,893,178	16,453,451	30,527,283	3,259,044	33,786,327
Additions	-	9,248,797	2,016,017	1,280,518	15,319,058	27,864,390	1,670,959	29,535,349
Deletions	-	-	425,563	139,813	-	565,376	-	565,376
As at March 31, 2016	1,505,100	16,209,055	4,305,750	4,033,883	31,772,509	57,826,297	4,930,003	62,756,300
Depreciation								
As at March 31, 2014	-	2,870,287	1,028,466	1,207,324	12,700,792	17,806,869	248,795	18,055,664
Additions	-	1,656,045	525,161	559,215	3,752,659	6,493,080	627,058	7,120,138
Deletions	-	70,771	30,334	-	-	101,105	-	101,105
As at March 31, 2015	-	4,455,561	1,523,293	1,766,539	16,453,451	24,198,844	875,853	25,074,697
Additions	-	2,183,366	809,531	611,450	349,715	3,954,062	1,178,247	5,132,309
Deletions	-	-	420,424	121,184	-	541,608	-	541,608
As at March 31, 2016	-	6,638,927	1,912,400	2,256,805	16,803,166	27,611,298	2,054,100	29,665,398
Net Block								
As at March 31, 2015	1,505,100	2,504,697	1,192,003	1,126,639	-	6,328,439	2,383,191	8,711,630
As at March 31, 2016	1,505,100	9,570,128	2,393,350	1,777,078	14,969,343	30,214,999	2,875,903	33,090,902

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 10 Non-current investments

Particulars	Amount in ₹					
	As at March 31, 2016			As at March 31, 2015		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Quoted -Investments in debentures						
Indrajit Power Private Limited	-	-	-	840,000	650	546,000,000
Total					650	546,000,000
Aggregate Value of Quoted Investments						
Cost of acquisition*			-			546,000,000
Market value*			-			546,000,000

*Investment in debentures of Indrajit Power Private Limited (the Company) are privately placed and listed on BSE. However there are no trades in the debentures of the Company. Hence the cost of Investment is considered as market value.

Note 11 Deferred tax assets (net)

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting period	2,940,919	3,822,089
Provision for standard assets	59,389,329	47,042,888
Origination fees unamortised	61,777,148	68,717,664
Provision for gratuity	638,490	341,324
Provision for leave encashment	1,000,299	726,646
Provision for non performing assets	6,921,600	6,588,953
Total (A)	132,667,785	127,239,563
Deferred tax liability created during the year		
Borrowing costs amortisation	29,648,623	42,067,754
Total (B)	29,648,623	42,067,754
Net deferred tax asset (A-B)	103,019,162	85,171,809

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 12 Loans and advances

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	19,092,566	-	4,583,548	-
Secured, considered good				
Hypothecation loans	16,881,082,511	4,514,488,179	14,879,001,623	4,649,695,571
Debentures	13,902,675,148	1,452,625,594	8,590,032,569	660,639,560
Short term loans	-	1,000,000,000	-	1,000,000,000
Secured, considered doubtful				
Hypothecation loans	100,000,000	-	193,849,748	-
Unsecured, considered good				
Hypothecation loans	-	-	571,428,572	228,571,428
Debentures	-	-	-	-
Short term loans	-	4,800,000,000	-	2,973,100,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	17,399,654	-	8,599,765
Prepaid expenses	82,184,758	63,270,925	98,849,419	61,295,248
Service tax (Including Input credit)	-	1,613,430	-	401,640
Others	-	4,558,210	-	512,211
Total	30,985,034,983	11,853,955,992	24,337,745,479	9,582,815,423

Note 13 Other assets

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	-	-	11,013,897
Interest accrued but not due on loans	-	350,560,141	53,704,595	414,561,975
Interest accrued on fixed deposits with banks	-	6,630,966	-	20,275,195
Total	-	357,191,107	53,704,595	445,851,067

Notes 14 Cash and bank balances

Particulars	Amount in ₹			
	As at March 31, 2016		As at March 31, 2015	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Cash on hand	-	52,986	-	10
ii) Balances with scheduled banks in:				
Current accounts	-	940,173,173	-	287,370,536
Deposits with original maturity of less than three months	-	2,575,450,000	-	1,830,000,000
iii) Cheque on hand	-	416,569	-	4,088,610
Deposits with original maturity of more than three months but less than six months	-	80,000,000	-	2,735,000,000
Total	-	3,596,092,728	-	4,856,459,156

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 15 Revenue from operations

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on:		
- Loan portfolio and related charges	5,345,095,632	4,243,424,251
- Deposits with banks	236,834,368	337,435,026
- Fixed income debt instruments	62,085,818	85,643,739
Other financial services:		
- Origination fees	681,293,336	512,848,373
- Syndication & other fees	114,653,551	88,782,290
- Gain on sale of loan assets	-	12,395,821
Total	6,439,962,705	5,280,529,500

Note 16 Other income

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Dividend from debt mutual fund units	537,221	-
Miscellaneous income	1,907	26,559
Total	539,128	26,559

Note 17 Employee benefit expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, other allowances and bonus	383,673,813	270,988,098
Gratuity expenses	840,733	1,601,823
Leave encashment	821,401	1,274,798
Contribution to provident and other funds	7,061,065	4,763,218
Staff welfare expenses	2,104,984	1,948,728
Total	394,501,996	280,576,665

Note 18 Finance cost

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense on		
Debentures	971,108,012	753,779,000
Deposits from clients	1,116,386	67,314,489
Loans from banks	1,608,701,293	1,487,687,478
Commercial paper	225,649,689	190,812,480
Other borrowing costs		
Processing charges on loans	50,373,481	52,764,990
Bank charges & other related costs	35,641,772	28,457,935
	2,892,590,633	2,580,816,372

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 19 Other expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	23,202,144	17,744,034
Rates & taxes	8,184,545	8,448,677
Printing & stationery	1,404,742	602,928
Travelling & conveyance	7,448,621	3,701,571
Advertisement	521,447	195,323
Business Promotion	2,453,734	2,080,511
Conference charges	351,604	143,748
Commission & brokerage	27,555,862	1,029,357
Office expenses	20,500,387	13,895,900
Directors' sitting fees	4,878,483	8,009,444
Insurance	1,526,366	3,786,579
Communication expenses	2,140,919	1,150,341
Payment to auditor		
- Audit fees	3,708,556	2,665,736
- Tax audit fees	321,750	318,540
- Certification	-	270,881
- Out of pocket	-	53,143
Loss on sale of loan assets	7,895,700	-
CSR expenses	12,500,000	10,000,000
Legal & professional charges	55,464,112	44,808,908
Loss on sale of fixed assets (net)	21,409	22,444
Membership & subscriptions	2,304,205	2,264,674
Miscellaneous expenses	2,552	14,280
Total	182,387,138	121,207,019

Note 20 Provisions

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Provision for standard assets	33,203,639	30,372,218
Provision for non-performing assets	615,025	-
Total	33,818,664	30,372,218

Note 21 Earnings per share

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Net Profit after tax as per profit and loss account Amount in Rupees (A)	1,916,419,338	1,490,375,030
Weighted average number of equity shares for calculating Basic EPS (B)	71,641,552	68,628,985
Weighted average number of equity shares for calculating Diluted EPS (C)	72,554,552	69,552,985
Basic earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (A) / (B)	26.75	21.72
Diluted earnings per equity share (in Rupees) (Face value of ₹ 10/- per share) (A) / (C)	26.41	21.43

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average number of equity shares for calculating Basic EPS	71,641,552	68,628,985
Add : Equity shares for no consideration arising on grant of stock options under ESOP	913,000	924,000
Weighted average number of equity shares in calculating Diluted EPS	72,554,552	69,552,985

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

Note 22 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.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Amount in ₹	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	1,496,619	1,040,154
Interest cost on benefit obligation	317,318	206,679
Expected return on plan assets	(333,616)	(228,767)
Net actuarial (gain) / loss recognised in the year	(639,588)	583,757
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	840,733	1,601,823

Balance sheet

Details of Provision for gratuity

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Defined benefit obligation	(5,187,432)	(4,077,761)
Fair value of plan assets	3,342,511	3,073,573
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,844,921)	(1,004,188)

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Opening defined benefit obligation	4,077,761	2,277,797
Interest cost	317,318	206,679
Current service cost	1,496,619	1,040,154
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(704,266)	553,131
Closing defined benefit obligation	5,187,432	4,077,761

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Investments with insurer	3,342,511	3,073,573

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Discount Rate	7.80%	7.80%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

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.

*10% at younger ages reducing to 6% at older ages

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

Particulars	Amount in ₹				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	5,187,432	4,077,761	2,277,797	2,019,308	918,890
Plan assets	3,342,511	3,073,573	2,015,432	1,415,180	-
Surplus / (deficit)	(1,844,921)	(1,004,188)	(262,365)	(604,128)	(918,890)
Experience adjustments on plan liabilities	(1,682,888)	26,861	(632,462)	(208,423)	(429,171)
Experience adjustments on plan assets	64,678	30,626	12,284	49,041	-

Note 23 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; 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 2016, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 20 June 2012, the board of directors approved the share-based employee benefits ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the key employees and directors of the company. According to the Scheme 2012, 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 the Scheme 2012 are summarized below:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14
Number of option granted	203,000	100,000	20,000	10,000	666,000
Number of option cancelled	30,000	-	20,000	10,000	26,000
Number of option outstanding	173,000	100,000	-	-	640,000
Weighted average remaining contractual life (in years)	5	6	4	4	6
Weighted average fair value of options granted (₹)	99.63	102.52	91.11	92.16	105.67
Weighted Average Exercise Price (₹)	140.00	145.00	145.10	147.24	149.37

The range of exercise prices for options outstanding at the end of the year was ₹ 140.00 to ₹ 149.37 (31 March 2015: ₹ 140.00 to ₹ 149.37).

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

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

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733
Risk-free interest rate	8%	8%	8%	8%	8%
Weighted average share price (₹)	Nil	Nil	Nil	Nil	Nil
Exercise price (₹)	140.00	145.00	145.10	147.24	149.37
Expected life of options granted in years	5	6	4	4	6

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, 2016	For the year ended March 31, 2015
Profit after tax as reported	1,916,419,338	1,490,375,030
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	43,166,392	26,739,061
Proforma profit after tax	1,873,252,946	1,463,635,969
Earnings Per Share		
Basic		
- As reported	26.75	21.72
- Proforma	26.15	21.33
Diluted		
- As reported	26.41	21.43
- Proforma	25.82	21.04

Note 24 Related party disclosure

Names of related parties and related party relationships

Holding Company	IndoStar Capital (Mauritus)
Subsidiary Companies	IndoStar Asset Advisory Private Limited IndoStar Home Finance Private Limited
Key Managerial Personnel	Vimal Bhandari - MD & CEO Shailesh Shirali - Wholetime Director

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

I. Related party with whom transactions have taken place during the period

Name of related party & nature of relationship	Particulars	Amount in ₹	
		For the year ended March 31, 2016	For the year ended March 31, 2015
Key managerial personnel			
Vimal Bhandari	Investment in share capital	6,855,138	-
	Securities premium	82,344,000	-
	Remuneration paid*	48,487,993	43,939,375
	Expenses reimbursed	659,267	725,048
Shailesh Shirali	Investment in share capital	23,053,843	-
	Securities premium	276,923,040	-
	Remuneration paid*	48,997,036	46,649,499

*include bonus on accrual basis

II. Balance as at period end

Name of related party & nature of relationship	Particulars	Amount in ₹	
		As at March 31, 2016	As at March 31, 2015
Holding Company			
IndoStar Capital (Mauritius)	Investment in share capital	713,696,350	680,353,320
	Securities premium	8,564,356,200	8,164,239,840
Key managerial personnel			
Vimal Bhandari	Investment in share capital	4,314,580	2,314,552
	Securities premium	51,774,960	27,692,280
Shailesh Shirali	Investment in share capital	5,969,150	23,077
	Securities premium	71,629,800	-

Note 25 Contingent liabilities and Commitments

Capital and other commitments	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account	18,347,580	-
Income Tax	255,032	-
Loans sanctioned not yet disbursed	3,392,530,921	4,459,752,370

Note 26 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 ₹ 2,32,02,144 (March 31, 2015: ₹ 1,77,44,034). The non-cancellable operating lease agreements are for a period of 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

Notes forming part of the consolidated financial statements for the year ended March 31, 2016

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

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
Minimum Lease Payments:		
Not later than one year	34,997,101	16,541,844
Later than one year but not later than five years	141,524,393	65,615,980
Later than five years	6,167,535	-

Note 27 - Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	Amount in ₹	
	As at March 31, 2016	As at March 31, 2015
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as 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 28 Previous years comparative

Previous year / periods figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year / periods 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. 37924

Place : Mumbai
Date : May 13, 2016

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

Vimal Bhandari
MD & CEO
DIN: 00001318

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 13, 2016

Dhanpal Jhaveri
Director
DIN: 02018124

Jitendra Bhati
Company Secretary

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014) Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1	CIN	U67100MH2013PTC240676	U65990MH2016PTC271587
2	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2015 to 31 March 2016	1 January 2016 to 31 March 2016
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹	₹
5	Share capital	Authorised Capital: ₹ 10,00,000 Paid Up Capital: ₹ 100,000	Authorised Capital: ₹ 10,50,00,000 Paid Up Capital: ₹ 10,00,00,000
6	Reserves & surplus	₹ 47,48,498	₹ 10,60,006
7	Total Assets	₹ 3,01,02,016	₹ 10,14,31,142
8	Total Liabilities	₹ 3,01,02,016	₹ 10,14,31,142
9	Investments	Nil	Nil
10	Turnover	₹ 2,51,16,435	-
11	Profit/ (Loss) before taxation	₹ 75,31,610	₹ 15,34,018
12	Provision for taxation	₹ 23,27,814	₹ 4,74,012
13	Profit/ (Loss) after taxation	₹ 52,03,796	₹ 10,60,006
14	Proposed Dividend	Nil	Nil
15	% of shareholding	100% by IndoStar Capital Finance Limited	100% by IndoStar Capital Finance Limited

Notes:

- IHFPL is yet to commence its Business operations.
- There were no subsidiaries which have been liquidated or sold during the year.
- Income from Fixed deposits during the period is ₹ 16,01,269

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

Vimal Bhandari
Managing Director
DIN: 00001318

Dhanpal Jhaveri
Director
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place : Mumbai
Date : May 13, 2016

Corporate Information

BOARD OF DIRECTORS

Managing Director & CEO

Mr. Vimal Bhandari

Whole-Time Director

Mr. Shailesh Shirali

Non-Executive Directors

Mr. Sameer Sain

Mr. L. Brooks Entwistle

Mr. Dhanpal Jhaveri

Mr. Alok Oberoi

Ms. Shweta Bhatia

Mr. Deepak Shahdadpuri

Non-Executive Independent Directors

Mr. Ravi Narain

Mr. Eric Stuart Schwartz

Mr. Bobby Parikh

Mr. D. Sivanandhan

CHIEF FINANCIAL OFFICER

Mr. Pankaj Thapar

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP

Chartered Accountants

INTERNAL AUDITORS

KPMG

CIN: U51909MH2009PLC268160

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Website: www.indostarcapital.com

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Axis Bank Limited

Bank of Baroda

Bank of India

Canara Bank

Corporation Bank

DCB Bank Limited

Dena Bank

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Overseas Bank

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Oriental Bank of Commerce

Punjab National Bank

RBL Bank Limited

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Mysore

State Bank of Patiala

Syndicate Bank

The Federal Bank Limited

The South Indian Bank Limited

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