



INDOSTAR

LIFE KA TAKE-OFF

DREAM. DRIVE. DELIVER.

ANNUAL REPORT 2017-18
INDOSTAR CAPITAL FINANCE LIMITED



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Empowered Employees



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Branding and Marketing



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Market Reach



To learn more about IndoStar,
please visit

www.indostarcapital.com

Our transformational expansion, in terms of our product portfolio and geographical presence, is already taking root and showing early signs of bearing fruit. Our past performance has emboldened us to remodel our company, helping us to become a robust, diversified institution, with a strong position in India's financial services landscape.

Dream.

We are born out of a dream to unshackle middle-India from the limited financial choices available to them today. Our purpose is to liberate them financially, so that they can finally realise their life's aspirations. Whether its about buying their first affordable home; or dreaming to expand their fleet of commercial vehicles; or fuelling the growth of SME entrepreneurs - we are ardently supporting the aspirations and the entrepreneurial spirit of those who dare to dream big. We're here to be a catalyst in our customers' "LIFE KA TAKE-OFF".

Drive.

We are led by an experienced leadership team, that prizes entrepreneurship and excellence above everything else. We have a highly professional and execution oriented management team, which has led the company to consistent growth. Our compensation structure drives their entrepreneurial spirit, and aligns their interests with the interests of the company and its shareowners.

Deliver.

We have sharpened our business model by focusing on four areas to drive quality growth. We have allocated capital for our businesses, with the aim of producing and delivering superior return on equity. We are also fine-tuning the balance between our businesses; their structures and people; and most importantly, the judicious use of capital.

CORPORATE INFORMATION

BOARD OF DIRECTORS**Non-Executive Chairman**

Mr. Dhanpal Jhaveri

Executive Vice-Chairman & CEO

Mr. R. Sridhar

Non-Executive Directors

Mr. Sameer Sain

Mr. Alok Oberoi

Non-Executive Independent Directors

Mr. Bobby Parikh

Mr. Dinesh Kumar Mehrotra

Mr. Hemant Kaul

Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Pankaj Thapar

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Mr. Jitendra Bhati

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP

INTERNAL AUDITORS

KPMG

CIN: L65100MH2009PLC268160**REGISTERED & CORPORATE OFFICE**One Indiabulls Center, 20th Floor, Tower
2A, Jupiter Mills Compound, Senapati

Bapat Marg, Mumbai – 400 013

Tel No.: +91 22 4315 7000

Fax No.: +91 22 4315 7010

E-mail: [investor.relations@](mailto:investor.relations@indostarcapital.com)indostarcapital.comWebsite : www.indostarcapital.com**SECURITY & DEBENTURE TRUSTEE**

IDBI Trusteeship Services Limited

Asian Building, Ground Floor

17, R Kamani Marg, Ballard Estate

Mumbai - 400 001

Tel No. : +91 22 40807000

Fax No.: +91 22 66311776

E-mail : itsl@idbitrustee.com**REGISTRAR & TRANSFER AGENT**

Link Intime India Private Limited

C 101, 247 Park, L.B.S Marg, Vikhroli

(West), Mumbai - 400083

Tel No. : +91 22 49186270

Fax No.: +91 22 49186060

E-mail : rnt.helpdesk@linkintime.co.in**BANKERS / FINANCIAL INSTITUTIONS**

Axis Bank Limited

Bank of Baroda

Bank of India

Canara Bank

Corporation Bank

ICICI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Punjab National Bank

State Bank of India

The Federal Bank Limited

DCB Bank Limited

Indian Overseas Bank

IDBI Bank Limited

South Indian Bank

Dena Bank

Indian Bank

Catholic Syrian Bank

Doha Bank

Allahabad Bank

Karnataka Bank Limited

Vijaya Bank

Abu Dhabi Commercial Bank

RBL Bank Limited

Oriental Bank of Commerce

Syndicate Bank

HDFC Bank Limited

AU Small Finance Bank Limited

Telangana State Co-operative

Apex Bank Limited

Small Industrial Development

Bank of India

Hero FinCorp Limited

ECL Finance Limited

Religare Finvest Limited

Kotak Mahindra Life Insurance

Company Limited

Axis Mutual Fund

BNP Paribas Mutual Fund

BOI AXA Mutual Fund

DHFL Pramerica Mutual Fund

DSP BlackRock Mutual Fund

Franklin Templeton Mutual Fund

HDFC Mutual Fund

HSBC Mutual Fund

ICICI Prudential Mutual Fund

IDBI Mutual Fund

JM Financial Mutual Fund

Kotak Mahindra Mutual Fund

L&T Mutual Fund

LIC Mutual Fund

Mirae Asset Mutual Fund

PRINCIPAL Mutual Fund

Reliance Mutual Fund

SBI Mutual Fund

Sundaram Mutual Fund

UTI Mutual Fund



We congratulate all our stakeholders on IndoStar's successful listing on 21st May, 2018. Our IPO was for a total of ₹ 18.44 billion, including a fresh Issue ₹ 7 billion and an OFS for ₹ 11.44 billion was subscribed 6.8 times. We welcome our new shareowners with humility and a deep sense of responsibility to serve your best interests.

Serving our customers is at the heart of what we do and remains our number one priority. Your Company is organised around the ability to attract and leverage the talent of exceptional people. The significant employee ownership of IndoStar is an important element for achieving the long-term objectives of the Company. Our goal is to finance the aspirations of Middle India, ensuring that we finance wealth creation and not consumption. We will continue to develop financial products that significantly improves people's lives.



AT A GLANCE

IndoStar is a Non-Banking Finance Company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. It is a professionally managed and institutionally owned organization, which is primarily engaged in providing structured term financing solutions to corporates and loans to small and medium enterprise "SME" borrowers in India. The Company recently expanded its portfolio to offer vehicle finance, and housing finance products. IndoStar recently got successfully listed on 21st May, 2018 with the Bombay Stock Exchange and the National Stock Exchange.

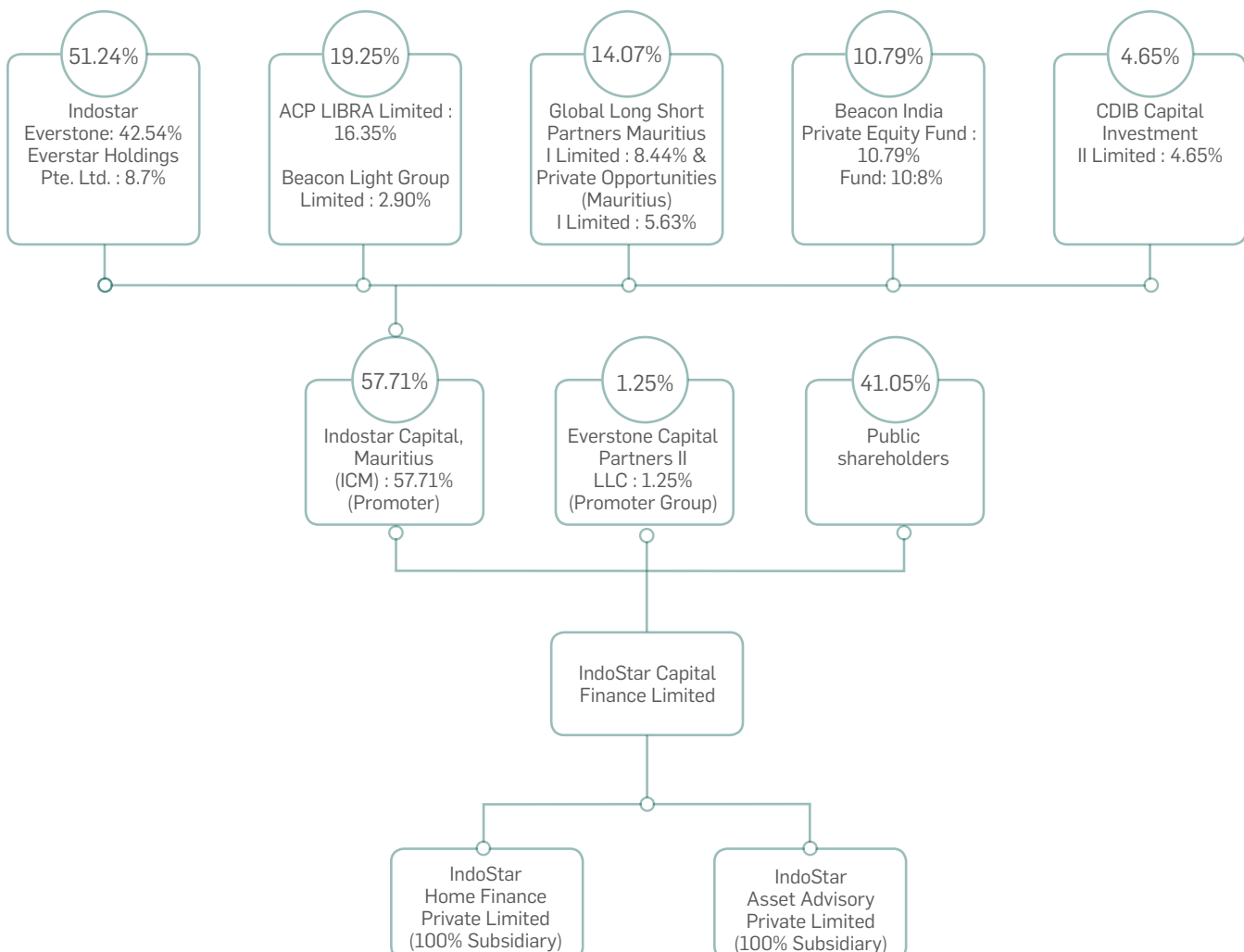
BUSINESS OBJECTIVE

Our objective is to become a leading provider of financing and credit solutions for growing corporates, emerging SME businesses, and catering to the aspirations of the growing consumer base of Middle-India. In addition to our well-established corporate lending practice, we now wish to become the "go-to" NBFC in retail lending, particularly in SME finance, vehicle finance and housing finance. We are committed to finding new ways to develop value-based and innovative financial solutions for our corporate and retail customers, and deliver greater value to our stakeholders.

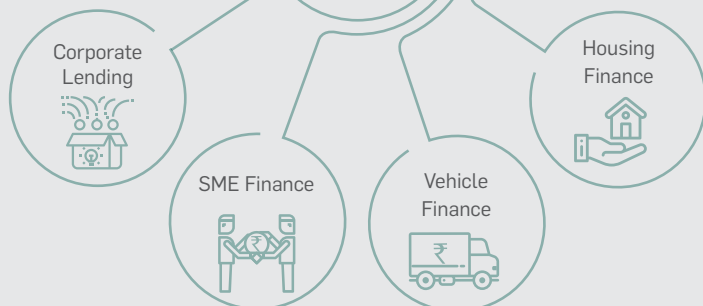
Customer centricity is our "raison d'être". We are committed to delivering transformational growth in the lives of our customers, by offering them the best advice and products that empowers them to realise their aspirations. We're here to be a catalyst in our customers' "LIFE KA TAKE-OFF".

We have sharpened our business model by focusing on four areas to drive quality growth. We are also fine-tuning the balance between our businesses; their structures and people; and most importantly, the judicious use of capital.

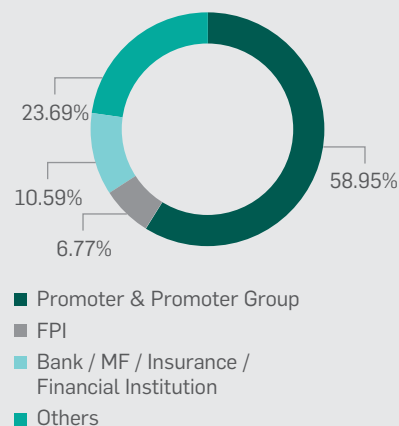
SHAREHOLDING PATTERN POST IPO



OUR BUSINESS LINES



INDOSTAR CAPITAL FINANCE SHAREHOLDING PATTERN POST IPO



Promoted by
Everstone Capital in

2011

Profit making

since 2012

8

Years in Business

Customers Served

3,428

Highest Credit Rating

(A1+)

(CRISIL)

Employee Base

1,094

Market Capitalisation

₹48,007 million

As on 30th June 2018

Net Worth

₹21,372 million

Capital Adequacy Ratio

28.3%

AUM

₹62,073 million

Disbursement

₹ 53,884 million

AUM Split

74% : 26%

Corporate Retail

NIM

6.3%

Net NPA

1.1%

Net Profit

₹ 2,244 million

MESSAGE FROM THE EXECUTIVE VICE-CHAIRMAN & CEO

We are on a journey of planned transformation, in which we are adopting a retailisation strategy, to become a well-balanced and diversified lending institution.

R. Sridhar

Executive Vice-Chairman & CEO



Dear Shareowners,

I am pleased to present to you our first Annual Report as a publicly listed entity, after your company's successful listing on 21st May, 2018. In summary, our IPO was for a total of ₹ 18.44 billion, including a fresh Issue ₹ 7 billion and an OFS for ₹ 11.44 billion was subscribed 6.8 times. We welcome you all to our family of shareowners with humility and a deep sense of responsibility. This also marks a significant milestone for IndoStar's community of customers and partners, who have shared this journey with us and contributed to our success. Similarly, my IndoStar colleagues and the entire workforce have brought tremendous passion, and conviction to bring us to this inflection point. This has undeniably been a collective effort, and our successful listing really belongs to all of us.

This milestone of listing of our equity shares gives us more energy and resources to double down on what got us here in the first place, and to move forward on a transformative

journey of becoming a diversified and respected lending institution. We will always be committed to our customers' success, focusing on superior results without compromising on asset quality, and always striving for excellence. These core values are our foundation and continue to remain the mainstay of who we are as a company. What changes is that, now IndoStar is a public company and everyone can participate in our vision.

TRANSFORMATION

At IndoStar, we are on a journey of planned transformation, in which we are adopting a retailisation strategy to become a robust and diversified lending institution. Going forward, significant portion of our portfolio would be loans for commercial vehicle, housing and SME business. We are driving the growth of our retail business by focusing on secured lending to the fast-growing middle-India segment. Our objective is to lend for income generation of the borrower and take them one level up in the economic cycle. We also aim to fulfill the dream of every Indian to own a house through our Home Finance business, which will be a life time savings for them. We are using our vehicle financing business to spear-head our growth in retail finance, and are

initially concentrating in 15 key states to lend to small and medium sized fleet operators, primarily financing used CVs of 5-12 years old. We aim to use this same branch infrastructure to expand our other portfolios, ensuring low fixed and operating costs.

FY2018 UNDER REVIEW

It is my privilege to share with you that IndoStar's total AUM for FY2018 crossed ₹ 62,000 million, with 74% in our Corporate business, and 26% in our Retail business, the bulk of which came from our SME business for now. Our overall disbursements for the year grew 10% year-on-year, to ₹ 53,884 million, ending the year with 19% growth in our total AUM. On the advances side, IndoStar reorganised its business segments, and now operates four business verticals: Corporate Lending, which started in FY2011; SME Finance, which started in FY2015; Home Finance which started in September 2017 and Vehicle Finance, which started in November 2017. Much of the growth in advances came from our Retail segments, including home loans and vehicle loans. Overall, our Retail loans grew by 152% in FY2018, which is in line with IndoStar's strategy of growing more aggressively in this segment. Within Retail, home loans constitute

₹ 512 million in FY2018. Our home loan portfolio constitutes more than 3% of our Retail loans. Vehicle loans is a strategic priority for the company. Vehicle loans stand at ₹ 1,307 million in FY2018. Our Vehicle loan portfolio constitutes more than 8% of our Retail loans. On the SME front, our loans in this business segment grew by 124% to ₹ 14,532 million in FY2018, from ₹ 6,501 million in FY2017. Finally, our Corporate loans remained flat in FY2018, standing at ₹ 45,721 million, comprising almost 74% of our total business.

During the year in review, we produced a consolidated profit after tax of ₹ 2,244 million, up 6% versus over what we achieved in the previous year. Our profits would have been much better but for the significant investments we made during the year for building up our retail business. We invested almost ₹ 800 million in operating costs for the build out of our retail franchise as well as a further ₹ 630 million approximately spent in capital expenditure for setting up our branches, an operations centre, and our Vehicle Finance business headquarters in Chennai.

Our ROA for the year was 3.5% and the ROE was 11.1%. Looking forward, our ROE should improve steadily over the

Interest Income:

₹7,031 million

Up 9% YoY

Net Interest Income:

₹3,787 million

Up 14% YoY

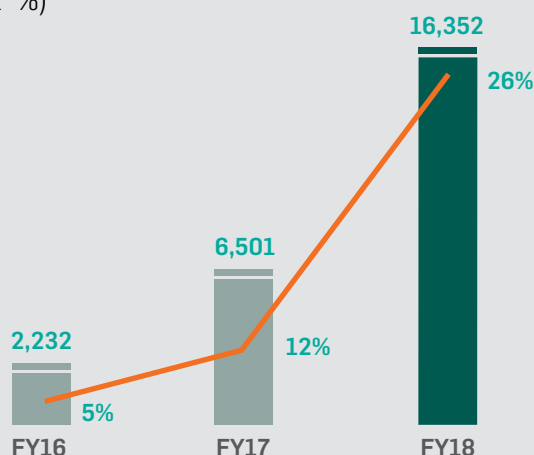
Total Net Income:

₹5,095 million

Up 25% YoY

Retailisation of Loan Book

AUM (₹ Mn & %)



Retail loan book of the total AUM

MESSAGE FROM THE EXECUTIVE VICE-CHAIRMAN & CEO

We have expanded our branch presence and our employee base, to allow us to deliver on our retailisation strategy.

next 2-3 years, as our operating and financial leverage set in for our retail lending business. Once our leverage is optimised, we should be in a position to deliver a sustainable ROE in the high teens over the longer term. In the near term, given our upfront costs and excess capital post IPO in May 2018, our ROE is expected to still be in the 10-11% range for the next couple of years.

Our Non Performing Loans (NPL) currently stands at 1.3% by FY2018. Most of these NPAs primarily sit within our SME business, where we enjoy good quality collaterals in the form of self-occupied residential properties. Though time consuming, we are confident to bring this well under control in the future. In the corporate lending business,

we have only one NPL account as of now, which also has a high probability of resolving without any loss.

LIABILITIES

IndoStar enjoys strong credit ratings and its funding costs have improved steadily by around 310bps in the past 3 years, thanks to the diversification of the Company's funding profile and excellent ALM management. Over the past 3 years, IndoStar has diversified its borrowing profile by shifting away from bank funding to NCDs and commercial paper. In FY2018 alone, the Company's average cost of borrowing declined to 8.8% from 10.3% in FY2017. This is comparable to our peers, and keeps us competitive in the marketplace.

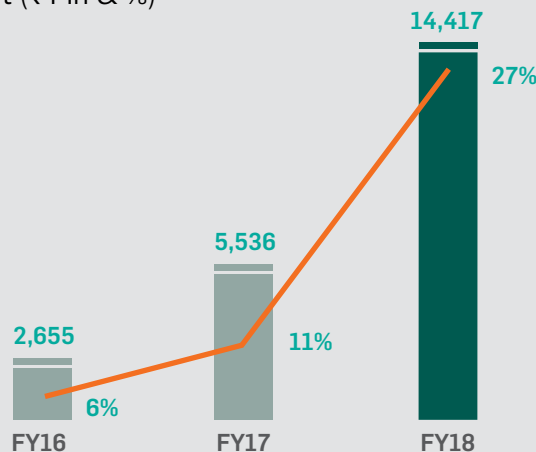
We currently have a very comfortable capital adequacy and leverage, allowing us substantial headroom for the growth that we are targeting, and for which much of our new infrastructure and investments are already in place. For the past 4 years, our CAR has consistently remained above 25%. After our IPO, the Company's CAR has improved to 32.0% as of June 30, 2018.

NIM

Post demonetisation, there have been a series of reductions in interest rates. As we aligned to the prevailing market forces and reduced our lending rates, our margins were naturally impacted, placing our NIMs under pressure despite better growth in high yielding loans and lower costs. In the period FY2018, the company recorded a 50bps contraction in its NIM to 6.3%, despite better growth in relatively high-yielding loans, and a 150bps fall in calculated cost of funds. In response to this, we have taken steps to contain and reverse the pressure on our NIM, which can recover much better in an increasing interest rate scenario, by aligning our liabilities more dynamically. We are doing this by introducing short and long-term borrowings in judicious proportions, which is conducive for margin expansion.

Growth of Retail Loan Book

Disbursement (₹ Mn & %)



Retail Disbursement as % of the total

As any prudent lender, we seek to protect our lending margins. Lending to our clients in the SME, Housing Finance, and to the bulk of our clients in Corporate Lending is already at floating rates. Going forward, to the extent possible, we plan to contract new lending on a floating rate basis. Lending at floating rates will minimize risk to our margins as we will be able to pass through any increase in our borrowing costs. Going forward, we expect NIMs to remain stable.

We are also maneuvering our rates to gradually expand our overall fee income, and its share of our total income. To insulate us further from pressures of fluctuating rates, IndoStar currently has a healthy fee income trend in corporate lending, posting a 35% CAGR over FY2014-2018. I expect our fee income to continue growing in the upper quartile range, led by the diversification of fees sources into retail segments such as vehicle and housing finance.

OUTLOOK

The outlook for your Company is positive and strong, as we are well prepared for the future. I expect to see a radical transformation in our business profile in FY2019 and beyond, with faster growth in our Vehicle Finance and Home Loan businesses. We have expanded our branch presence and our employee base to allow us to deliver on the retail growth that we have targeted to achieve. Today, we are at 100 plus branches, and 1,400 plus employees in terms of our outreach to retail customers. At both ends of the organisation structure, we have ensured that we are staffed with highly experienced individuals who have many years of domain expertise and experience in relevant markets.

The vehicle finance business is already operating out of 100 plus locations in 15 states, and monthly disbursement run rate today is around ₹ 1,000 million. For our Home Loans business, we are hitting another ₹ 500 million per month on an average. Finally, for our SME business, we are attaining around ₹ 1,250 to ₹ 1,500 million per month on an average. On an aggregate basis, our retail business will be driving our growth going forward, by booking business around ₹ 3,000 million per month.

Going forward, we are well capitalised for growth. After our recent IPO capital raising, the Company's CAR has improved to 32% as on 30th June 2018 (vs. 28.3% in FY2018). With our rapid expansion into retail, we believe that your Company is well-placed to grow at a better than industry pace over the next couple of years, without requiring to raise any further capital.

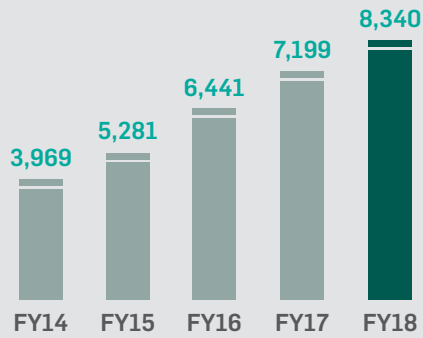
I thank all our shareholders for their continued faith in our strength and capabilities, our customers for their valuable support and trust, lenders and our banks for their support and our employees for their tireless efforts towards achieving our goals. We are on an exciting journey towards becoming a diversified lending powerhouse. I welcome you all to be part of this voyage of responsible growth and value creation.

R. Sridhar
Executive Vice-Chairman & CEO

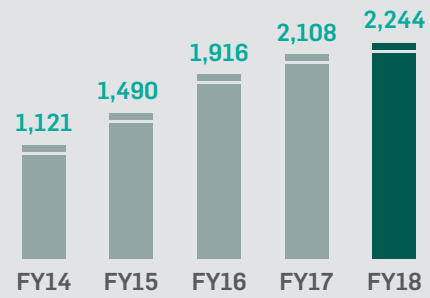
FINANCIAL HIGHLIGHTS OF FY2018

20% CAGR**Total Income**

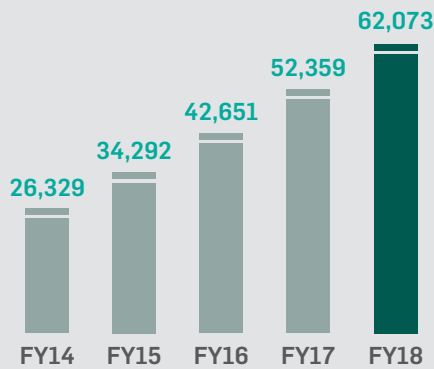
₹ million

**19% CAGR****Profit After Tax**

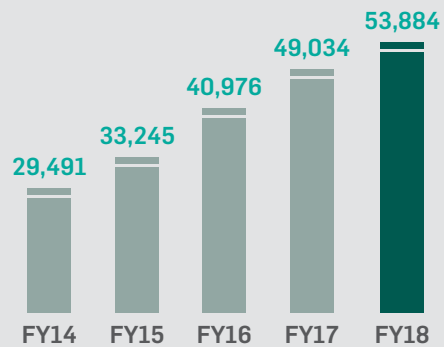
₹ million

**24% CAGR****AUM**

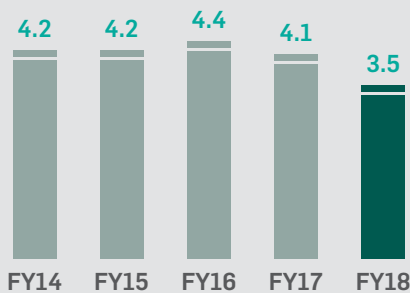
₹ million

**16% CAGR****Gross Loan Disbursements**

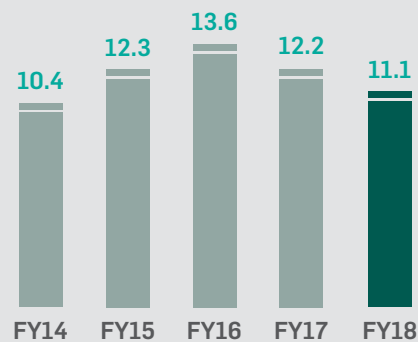
₹ million

**ROAA**

(%)

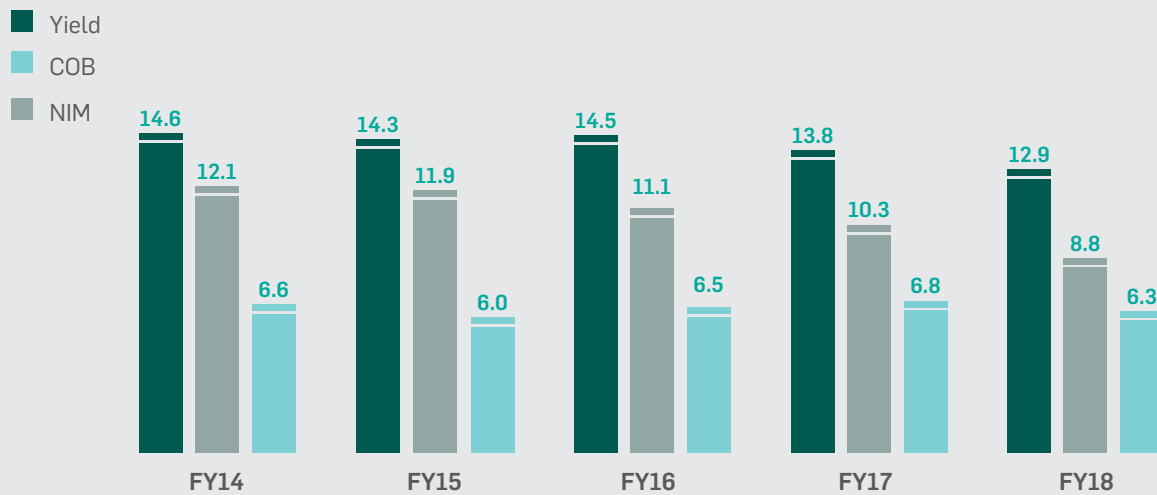
**Return on Net Worth**

(%)



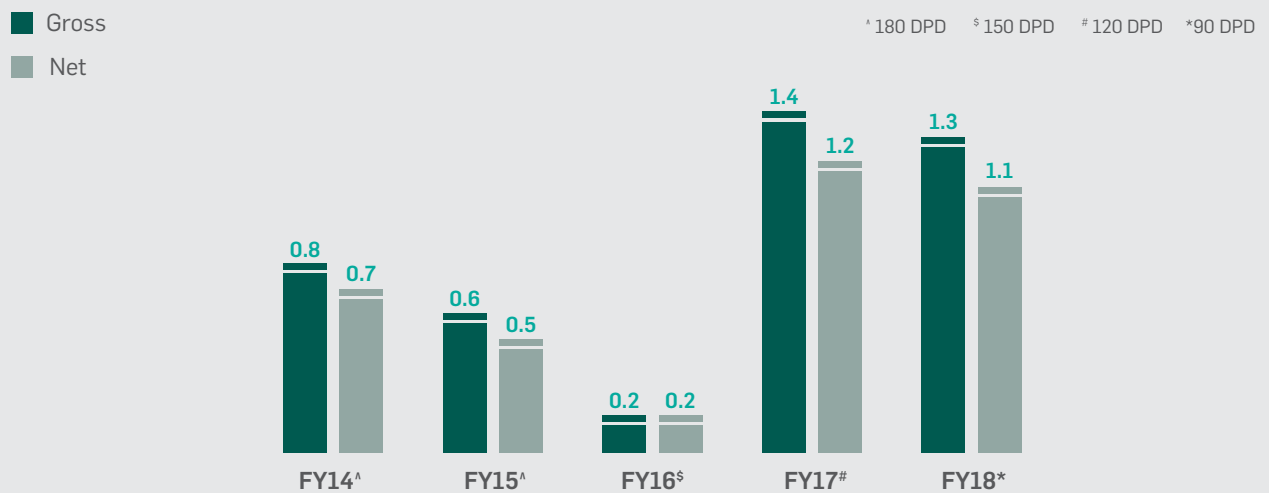
Yield and COB

(%)



Gross & Net NPAs

(%)



CREATIVE TRANSFORMATION

Transforming into a Balanced & Diversified Institution

Over the next 3 years, our strategic priority is to quickly build a high-quality retail business, which should be more than half of our portfolio under management. As we look into the future, we are at the dawn of a comprehensive transformation that will see us evolve into a major diversified lending powerhouse.

From a humble beginning in 2011, as a lender focused primarily to the Corporate Sector, we are on a journey to become a diversified NBFC. Over the years, we have demonstrated strong execution capabilities by initially building our corporate loan book, and subsequently successfully executing our strategy for entering SME financing. Over the past year, we have focused on balancing our loan book by expanding our exposure in retail lending, including SME finance, vehicle finance and housing finance.

As the first Indian NBFC promoted by Global Investors, we are today a listed entity with a plethora of respected institutional shareowners. The fast-track RETAILIZATION of our loan book is

expected to drive our AUM and Revenue growth over the next 3 years, by which time the share of retail loans in our total portfolio should become more than double from 26% in FY2018. We aim to become one of India's few NBFCs, that is highly well-balanced between corporate and retail lending.

With more than ₹ 62 billion AUM as of FY2018, we are driving the growth of our retail business by focusing on secured business lines that caters to India's fast-growing middle-class segment. With vehicle financing being one of the major contributors to our growth going ahead, we are initially concentrating in 15 key states to lend to small and medium fleet operators, primarily financing used CVs of young age. In affordable housing,

we are targeting the self-employed segment in tier I, II and III cities. In the SME segment, we operate across 10 key cities, lending to customers with turnover of at least ₹ 100 million

₹14,417 million

Retail Disbursement up 160% in FY2018

27%

Higher Retail Disbursement from 11% in FY2017

Key Milestones

INCEPTION	EARLY GROWTH	PRODUCT EXPANSION	EXPANSION CONTINUED	RETAILISATION
1	2	3	4	5
FY2011-12	FY2012-14	FY 2015-16	FY2016-17	FY2017-18
<ul style="list-style-type: none"> Started lending business First external credit rating of AA - from CARE 	<ul style="list-style-type: none"> Corporate Lending Business achieves a 74% CAGR over FY12-14 	<ul style="list-style-type: none"> Forayed into SME business 	<ul style="list-style-type: none"> Geographical expansion to 7 SME branches NHB issued HFC license 	<ul style="list-style-type: none"> R Sridhar joined as Executive Vice-Chairman & CEO Commenced CV/Housing finance business Expanded branch network to 91 branches Listed on stock exchange on 21st May 2018



LIFE KA TAKE-OFF



RETAILISATION STRATEGY

Driving Growth and Returns through New Verticals

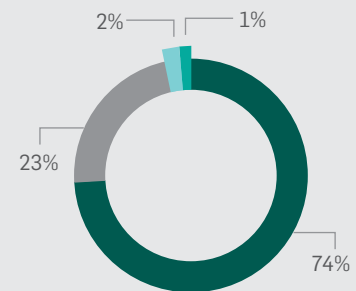
While Corporate Lending will continue to bolster our profits, our SME lending, as well as the newly started Housing Finance and Vehicle Finance will help us to optimise our operating leverage. Our judicious business mix provides us an opportunity for growth, profitability, diversity, and superior ROE.

During FY2018, we have judiciously balanced our loan book and made a beginning in diversifying our customer base, by focusing into retail lending. In September 2017, we started our Home Finance business and in November 2017, we further expanded our retail business into Vehicle Finance. We are largely focused on lending against

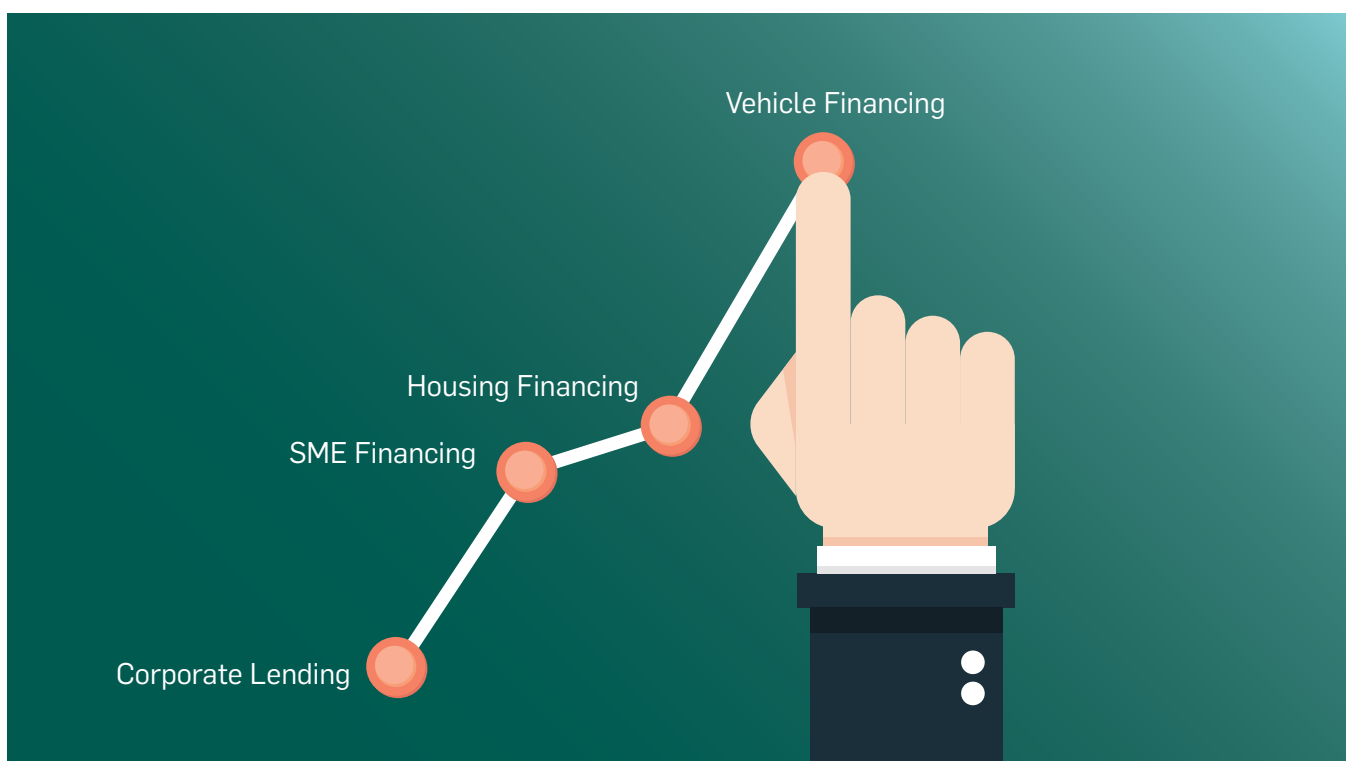
secured assets, while targeting the large underserved customer base across the fast-growing 15 key states in India. We are in the early stages of our Vehicle and Housing finance businesses. Going forward, we expect the retail segments to be the major growth drivers for the Company.

At IndoStar, we operate through our four new business verticals:


■ Corporate Lending ■ Vehicle Finance*
■ SME Finance ■ Housing Finance*



* Started in FY 2018



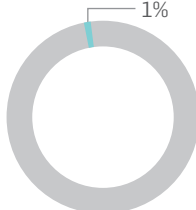
CORPORATE LENDING: 74% OF OUR AUM IN FY2018

	Products	Target Customers	Features
 <p>74%</p>	Real Estate Loans	Mid-sized Real Estate Developers	Loans for construction of commercial and residential properties.
	Structured Corporate Loans	Mid-to-large sized Corporates	Structured lending to align cash flow, achieve strategic objectives and growth plans. Acquisition funding, promoter funding for equity buy back/take outs, family settlements and asset financing.

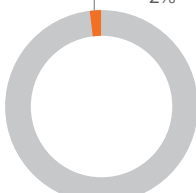
SME FINANCING: 23% OF OUR AUM IN FY2018

	Products	Target Customers	Features
 <p>23%</p>	Vanilla Loans	Traders, Distributors, Retailers, self-employed professionals and small manufacturing companies	Business loan to SMEs with a turnover of approx. ₹ 100 million or more, and professionals.
	Gross Turnover Loans		
	Debt Consolidation Loans		
	Mortgage & Top-up Loans		
	Loans for Purchasing Commercial Property		
	Banking Profile Based Loans		

HOUSING FINANCING: 1% OF OUR AUM IN FY2018

	Products	Target Customers	Features
 <p>1%</p>	Housing	Salaried employees and self-employed professionals	New and Resale Home purchase loan, Home construction loan to self-employed salaried individuals.
	Affordable Housing	Non-documented self-employed segment	New and Resale Home purchase loan, Home construction loan to self-employed and salaried individuals in outskirts of urban markets, Tier II cities.

VEHICLE FINANCING: 2% OF OUR AUM IN FY2018

	Products	Target Customers	Features
 <p>2%</p>	Commercial Vehicles	Small and medium fleet operators, Salaried employees and self-employed professionals	Focus on financing used LCVs and HCVs for medium and small fleet operators, and small businesses.
	Passenger Vehicles		Two wheeler loans for salaried professionals and self-employed individuals.
	Two Wheelers		

MARKET REACH

Deepening our Market Penetration and Employee Base for Scaling our Retailisation Strategy

Through our pervasive presence, we hope to tap into a large pool of under-served demand for loans, growing from increasing urbanisation, surging commercial activities, and rising household incomes. The number of growing branches will ensure the company's strong loan book growth, with granularity, dispersion, and quality.

During FY2018, we have already displayed aggressive growth in our Retail Loan Book, and a committed expansion of our infrastructure that will be extrapolated further. Within just one year, we have built an extensive presence across 15 states, with 91 Branches and more than 1,000 Employees. We are highly committed to our goals to establish our branch network infrastructure upfront, so that we can deliver on our planned growth comfortably, without compromising on our asset quality. Of these 91 Branches, 75 are engaged in vehicle finance; 31 in housing finance (of this 6 are exclusive housing finance branches); and 10 in SME lending as well as the housing finance business.

Going forward, we plan to selectively expand our business operations into in tier I, tier II and tier III cities in the Northern, Southern and Western regions of India. By the second quarter for FY2019, we plan to expand to a total of 130 branches, and going forward, we intend to establish additional branches in a calibrated manner, as and when our existing branches turn profitable.

At IndoStar, we operate our network on a hub-and-spoke model, in an effort to leverage common infrastructure and to optimise our operational efficiency. Our branches report to an area corporate office, which in turn reports to the state level corporate office. The business is managed in a centralised manner and the corporate headquarters exercises overall control and supervision. This model allows us to expand with lower marginal costs, and optimal productivity and profitability measurements.

91 Branches

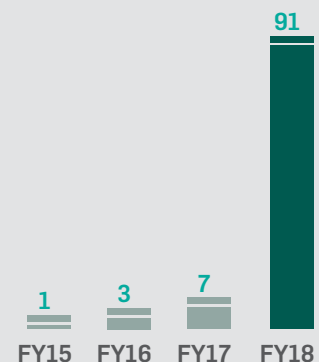
New Branches added in vehicle and housing to grow retail loan book

1,094 Employees

The employee base increased from 93 at the beginning of FY2018, to 1,094 by 31st March 2018

Number of operational Branches

■ No. of Branches



Vehicle Finance hub and spoke model (as of June 2018)

1	<ul style="list-style-type: none"> • HQ • National Heads (sales and credit) • Support functions
7	<ul style="list-style-type: none"> • State offices
23	<ul style="list-style-type: none"> • Area Office • Area / Regional Heads (sales and credit) (Hub)
84	<ul style="list-style-type: none"> • Branches (Spokes)



EMPOWERED EMPLOYEES

Led by an Experienced Leadership Team, that prizes Entrepreneurship and Excellence above everything else

IndoStar has a highly professional and execution oriented management team, which has led the company through a changing regulatory and economic environment, and consistently grown the business. The Company's compensation structure drives the entrepreneurial spirit of our employees, and aligns their interests, with the interests of the company and its shareholders.

At IndoStar, we have judiciously picked our management team for their entrepreneurial leadership, and their in-depth understanding of the specific industry and relevant markets we choose to participate in. Each member of our management team have proven expertise, bringing with them over 20 years of experience and in-depth understanding of specific industries, products, and regions. For its retail business in particular, the Company has hired highly experienced people both at the senior management, and at the branch level, from various leading peers within the industry.

IndoStar is a professionally run company, without any promoter culture. Unlike many of its peers, almost 185 employees up to the level of branch managers have been awarded ESOPs of 10.5% of outstanding shares, the highest ratio in the industry. We are confident that the high extent of employee ownership in our company will cultivate a culture of ownership, drive employee retention, and infuse better accountability.

10.5%

Outstanding Shares awarded to 185 employees

Our management team members have proven track records, each bringing more than 20 years of experience, and in-depth understanding of specific industries.



BRANDING & MARKETING

New brand positioning to ensure every Life 'Takes-Off'

We wanted IndoStar to stand out as a brand for the people, while demonstrating the strong reputation built over the last seven years. We also wanted to convey to our customers that we want to be part of their transformational growth. The natural step was to re-define our identity and come up with a new logo and tagline which signifies the upward trajectory we bring to the lives of our customers within Middle India, while we ourselves transform to grow.



Our new positioning of "Life ka Take-Off" implies the transformational growth in the lives of our customers. Conceptualised by GREY Worldwide, the new brand campaign refers to the upward change of trajectory that

IndoStar initiates through its advice and products. The idea was to design a campaign that brings out the brand's core value. This was depicted in the form of a hand gesture that implies a take-off in their customer's aspirations. This hand

indostarcapital.com

INDOSTAR
LIFE KA TAKE-OFF

**Go to work.
For yourself.**
SME FINANCE

Your dreams become reality when they get to fly high. That's why we have hassle-free SME Finance to help achieve that. Also our presence in multiple cities across the country makes it convenient for simple and quick finance solutions. All of this, so that your life takes off.

VEHICLE FINANCE | AFFORDABLE HOME FINANCE | SME FINANCE

IndoStar Capital Finance Ltd., One Indostar Centre, Conquest Road Marg, Mumbai 400023 | +91 22 4329 7000

indostarcapital.com

INDOSTAR
LIFE KA TAKE-OFF

**Your dream home.
Now real.**
AFFORDABLE HOME FINANCE

Your dreams become reality when they get to fly high. That's why we have hassle-free Affordable Home Finance to help achieve that. Also our presence in multiple cities across the country makes it convenient for simple and quick finance solutions. All of this, so that your life takes off.

VEHICLE FINANCE | AFFORDABLE HOME FINANCE | SME FINANCE

IndoStar Capital Finance Ltd., One Indostar Centre, Conquest Road Marg, Mumbai 400023 | +91 22 4329 7000

gesture has now become a signature style that we use across all our branches to express the joy of achievement.

With the launch of our new retail centric verticals, we kick started the expansion of our branches. Every branch that opened used the logo and the tagline in a creative way that attracted local people. Through this new campaign, we conveyed the message that ambitions come in different forms, and that every life deserves to 'take-off'. The Company intends to help individuals by giving them access to capital, expert advice and tailor-made financial products, so that no dreams go unfulfilled.

To build up awareness on our new positioning, we ran a 360 degree pan-India marketing campaign to announce the launch of our new products with a fresh look of our brand. Our Television Commercial was very well

received throughout India, and the jingle was appreciated along with the advertisement concept. We received significant attention, from both our outdoor and print campaigns. Our digital campaign also helped us reach many prospective customers. The Campaign generated many inquiries from both potential customers and job seekers.

We continued the same communication also during our IPO process, to improve on our brand awareness. In April 2018, we launched an integrated multimedia campaign to achieve this. We started our campaign with our IPO announcement in Mumbai, followed by roadshows to meet key investor hubs across the country and abroad. This was followed by our Executive Vice-Chairman and CEO - Mr. R Sridhar's television interviews, in which he spoke about our Company's future plan.

As our offering expands into the B2C space, we felt a need to communicate in a succinct and lucid manner about the developments of IndoStar. We wanted our brand identity to be distinctive and have a consumer friendly touch. When we opened our 100th branch in April 2018, we celebrated this remarkable milestone by our employees planting 100 saplings in Vadodra. We also publicised the fact that our presence exceeded 100 locations through both print and digital campaigns.



CSR AT INDOSTAR

CSR at IndoStar

Corporate social responsibility is an integral part of our company culture. As a responsible corporation, we respect the interests of our stakeholders—our shareholders, employees, customers, suppliers, teaming partners, and the wider community—and we actively seek opportunities both to improve the environment and to contribute to the well-being of the communities in which we do business. Our CSR initiatives focuses mainly in the areas of the environment, education, and women empowerment.

PROMOTING EDUCATION

Avsara Academy

Through Avsara Academy, IndoStar has contributed towards providing education to underprivileged adolescent girls. Based on the Cambridge curriculum, with an emphasis on leadership, entrepreneurship, and Indian studies, the Company is equipping young women with essential tools to navigate life after school. Set up as a residential learning program in Pune, the academy continues to expand, introducing new facilities such as libraries and hostel accommodation. The students have responded positively towards the goals of this program, expressing enthusiasm towards the teaching techniques and extracurricular activities, while also engaging in activities to build team work.

Avsara Leadership Fellows

This initiative provides supplementary education with leadership lessons to select girls from Municipal and other low cost schools. Set up as after school classes at the American School of Bombay, students are encouraged to participate in community leadership projects in which they design and implement solutions for problems that exist in their local communities. With

efforts to conduct tutorials making school curriculum concepts easier to grasp, in addition to leadership and entrepreneurial lessons, the students have found these sessions more enriching than their regular school classes. Additionally, students are given access to world class facilities, while also being exposed to classic books and passionate teachers. This program helps

produce confident and vocal women, with varied role models guiding their aspirations to achieve their goals.

Pratham

With the objective of helping children complete a full course of primary and secondary education, Pratham - in association with IndoStar - has been working towards improving the learning





are learning the importance of hygiene and have become advocates for the construction of kitchen gardens and soak pits in their community.

Sanmitra Narishakti Skilling Program Set out to enhance the employability of women, helping them be absorbed into the mainstream labour force, this Skilling program has increased their confidence and built resistance towards violence in domestic and social settings. This program includes an economic empowerment seminar, computer basic training, and English coaching in addition to the specific training of their chosen skill.

ENVIRONMENT

Centre for Environmental Research and Education (CERE)

Under the Water Conservation and Rainwater Harvesting Project, conducted at the Police HQ in Naigaon, IndoStar contributed towards the augmentation of water for the police family of the region.

This project has yielded superb environmental and social outcomes:

- Harvesting 38.8 million litres of rain water every year
- Increase in ground water table of the entire Naigaon precinct area
- Recharge of defunct bore wells
- Decrease in soil salinity and salt water ingress
- Better maintenance of 3 large police grounds which is used for training, parades and sports
- Improved living conditions in police colonies
- Promotion of environmental sustainability within police force
- Water access for tree plantation drive in the police colonies

All members of the police community have been enthusiastically involved in this project, being actively involved in CERE to complete it on time. The families were trained on the usage and saving of water, helping a deserving section of society that is usually ignored.

levels of children aged 3-14 years. This initiative have been operational since 2016, and is operational in 40 communities located in Kuala - Quresh Nagar and Sangharsh Nagar. Pratham offers an all rounded approach to solving the problem of falling school completion rates. From Balwadi for children aged 3-5 years, parent involvement programs for children aged 6-7 years, libraries to inspire those aged 6-14, and support classes available for children from the 3rd to 8th standard, this program aims to support children throughout their education lifecycle. The program also includes a Child Rights Desk, and after extending their support into these communities for 2 more years, Pratham aims to mobilise, train and supervise people from the community to sustain these educational interventions.

Password

This magazine focuses on inculcating the habit of reading to gather information and knowledge pertaining to social issues. IndoStar has contributed ₹ 0.6 million towards publishing 3000 of this educational magazine. The dissemination and use of this magazine helps its readers to build confidence, develop their personality, and encourage them to participate in school level co-curricular activities.

Parivaar

IndoStar contributed towards Paarivaar to help change the lives of destitute children by providing a loving and caring environment, with long-term education programs to help them realise their full potential. Based in West Bengal and Madhya Pradesh, Parivaar promotes holistic care programs to boost the overall development of vulnerable and tribal children. IndoStar is privileged to support the care of 75 residential girls who came from impoverished backgrounds.

EMPOWERING WOMEN

Population First

This initiative promotes the economic empowerment of women through vermi-composting. IndoStar contributed towards the improvement of sanitation and hygiene conditions in villages through the empowerment of its community. Learning this skill equips members of villages with a life-long method of earning money while living a healthier life. Women have become more confident and have the ability to contribute towards household incomes, while also being further committed to developing their marketing skills to increase sales. Children in schools

Management Discussion & Analysis

India is considered to be the most dynamic emerging economy among the largest countries in the world. Its financing requirements have risen in sync with the economy's growth over the past decade.

GLOBAL ECONOMY

The global economy has gathered momentum in the second half of last year and it continues to grow in 2018. This cyclical recovery is a result of a secular rebound in investment, manufacturing activity, and trade. This recovery was supported by historically low financing costs, rising profits, and improved business sentiments in advanced economies and developing economies. Looking ahead, as per IMF projections the world economy is poised to grow at 3.9% in 2018 as well as 2019. However, looming threat of trade wars against the background of increase in tariffs by the US and retaliation by China is one of the risks to global growth.

Among the emerging and developing world, economic contraction ended in Russia and Brazil, thereby adding to growth. However, despite improvement in oil dynamics Saudi Arabia witnessed negative growth owing to low oil output and sluggish performance of non-oil sector. Even Mexico suffered against the backdrop of uncertainty surrounding NAFTA and presidential elections. Meanwhile, China witnessed its first annual acceleration since 2010 with exports growing at their quickest pace in four years.

The Indian economy continues to be one of the top performers in the global landscape. With the rapid increase in economic activity in lower income groups, in addition to the underlying growth in population, India's economy is set to be the fifth largest in the world by 2018, according to the Centre for

Economics and Business (London). India's GDP growth moderated to 6.6% in FY2018. However, this is likely to be transitory and Government reforms continue to provide support to aggregate demand.

INDIAN ECONOMY

India is considered to be the most dynamic emerging economy among the largest countries in the world. It is expected to continue on its pace of rapid growth, fuelled by an expansion in private consumption, and by the path-breaking changes in taxation, infrastructure investment, and privatisation.

In the first half of FY2018, growth in the Indian economy temporarily decelerated, as the rest of the world accelerated. Nevertheless, it remained the second-best performer amongst major countries, with strong macro-economic fundamentals. This interim deceleration was primarily caused by the demonetisation measures and the introduction of the Goods and Services Tax (GST). Its implementation has increased indirect taxpayer base by more than 50 per cent with 34 lakh businesses coming into the tax net, as per Economic Survey reports. This was on account of large increase in voluntary registrations, especially by small enterprises that buy from large enterprises and want to avail themselves of input tax credits.

In the second half, the scenario improved significantly and India jumped 30 spots on the World Bank's Ease of Doing Business ranking, while similar actions

to liberalise FDI helped increase flows by 20%. The positive impact of the Government's reformative initiatives was affirmed by Moody's Investors Services, when it upgraded the country's credit rating to 'Baa2' from 'Baa3'. This upgrade came after a gap of 14 years.

Going forward, the Central Statistics Office (CSO) has estimated that India's overall economic growth will settle at 6.5% in FY2018, while the IMF estimates the growth potential to be 6.7% for the same period.

The Government's economic reform agenda will support a strong and sustainable growth rate going forward. Notwithstanding minor setbacks, India's overall economic outlook remains positive, driven by several factors. The drop-in private investment is expected to normalise as the corporate sector adjusts to the GST, which in the medium term is expected to benefit economic activity and fiscal sustainability. Meanwhile, the steady recovery in global trade is expected to encourage exports. In line with this positive economic development outlook, the IMF has projected India's growth to be 7.3% in FY2019.

Given this conducive macroeconomic environment, Corporate and Retail lending has a huge potential considering the growing demand for products such as structured loans, working capital loans, developer loans, consumer durable loans, auto loans, home loans, insurance, and online banking. In particular, the growing sector of retail lending has contributed significantly to the development of the economy.



Baa2 Credit rating

Moody's upgraded India's
Credit rating after gap of
14 years

7.3% GDP Growth

IMF Growth forecast 7.3% in
FY2018

MANAGEMENT DISCUSSION & ANALYSIS

India's financing requirements have risen in sync with the economy's growth over the past decade. Banks disbursed more than ₹ 8 trillion in loans during FY2018, overcoming the slow growth at the beginning of the year.

Financial Services Industry Developments & Government Initiatives

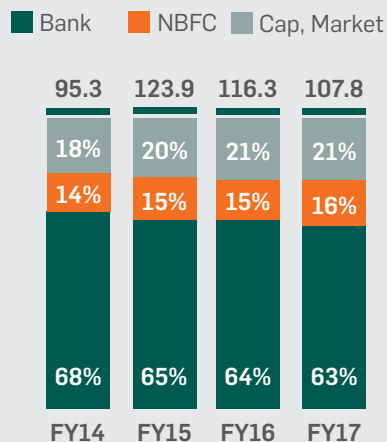
Recognised as one of the fastest growing major economies of the world, India has recently overtaken France and become the 6th largest economy in the world. To maintain this course of growth, banking and financial services will be both the catalyst that fuels India's growth engine, and also be the key beneficiary of an expanding credit market.

India's financing requirements have risen in sync with the economy's growth over the past decade. Banks disbursed loans of over ₹ 8 trillion in FY2018, overcoming the slow growth at the beginning of the year. Credit growth has picked up towards the end of the year with March quarter delivering 9.8% growth.

NBFCs have played a major role in meeting the credit needs of the economy by providing financial services with respect to products, as well as catering to customers and geographic segments at the grassroots level, making them a critical part in the financial machine. They also serve the unbanked masses in rural and semi-urban areas and lend to the informal sector and people without any credit history.

Since Public Sector Banks' balance sheet were stretched in last few years, they were unable to disburse fresh loans that the market demanded. NBFCs have filled this vacuum in last few years, as they were adequately funded to disburse incremental loans. Simpler paperwork and loans which are structured to the specific requirement of borrowers, have led many borrowers to gravitate towards NBFCs. Niche NBFCs dedicated to particular asset classes, such as auto loans, consumer loans and housing loans, have done especially well in last few years, as they developed deeper insights into these sectors. The chart below indicates that NBFCs are gradually gaining market share from the banks.

BORROWING PROFILE IN INDIA (₹ trillion)

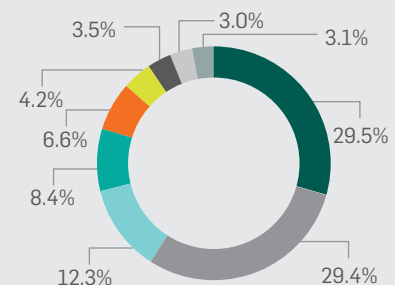


INDUSTRY OVERVIEW

Growth of different Asset Classes within NBFCs

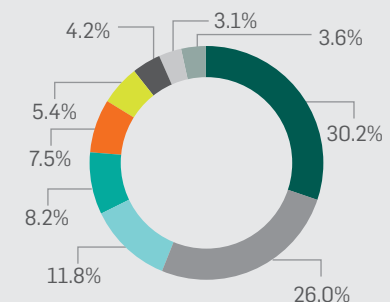
The rankings of the loan segments in the NBFC sector is expected to remain relatively the same between FY2017 and FY2019, but their shares in the overall pie is expected to change considerably. While the share of the housing loan segment will expand further, the automobile loan and LAP segments will see their shares contract. Corporate loan and micro, small and medium enterprises loan (including loans to small and medium enterprises or "SMEs") will, in contrast, see their shares in the overall disbursement pie increase.

NBFC DISBURSEMENT SPLIT 2017



Source: CRISIL

NBFC DISBURSEMENT SPLIT 2019



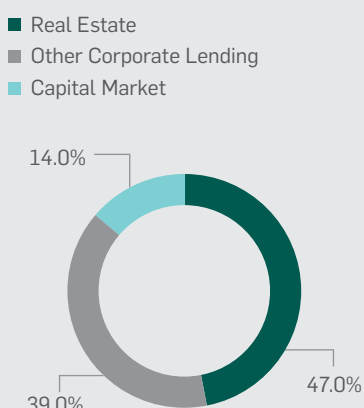
Source: CRISIL

NBFCs are a critical part of India's financial machine, serving the unbanked masses in rural and semi-urban areas.

Corporate Lending

Corporate Lending represents lending services to medium-to-large-sized corporates, institutional customers and real estate developers by banks and other financial institutions. It encompasses long and short-term funding, with long-term loans accounting for a majority of the loan book. Corporate lending NBFCs provide loans which are industry-specific (such as real estate finance), structured and customised as per the needs of the client, and the risk appetite of the NBFC. They offer products such as promoter funding, mezzanine funding, structured and acquisition financing, and lending to real estate developers.

CORPORATE LENDING NBFC PORTFOLIO FY2017



Source: CRISIL

Growth in real estate financing, which constitutes close to half of the wholesale credit book, is expected to be driven by demand in affordable housing. With banks remaining relatively cautious on this space, the incremental fund requirement coming for the affordable housing segment is expected to be mostly met by NBFC and housing finance companies.

IndoStar has created strong name within the corporate lending space with an AUM of ₹ 45,721 Mn in FY2018. Currently, corporate lending constitutes 74% of the Company's overall loan book.



MANAGEMENT DISCUSSION & ANALYSIS

Commercial Vehicle Finance

Commercial vehicles (CVs) sales have been on a rising trend since the last few years. The government's thrust on infrastructure has pushed the overall demand for commercial vehicles in the economy. The growth in the sector has also provided fillip to the CV finance players in the country. A rise in demand for newer CVs is also expected on the back of the Government's old vehicles

scrappage policy. The sales of domestic CVs in terms of units stood at 856,453 as on FY2018. The overall sales in FY2018 grew by approximately 20% on a year on year basis and according to CRISIL, it is expected to grow around 10% in FY2019. In particular, NBFCs have carved a niche in the small fleet operator and first-time user/ buyer segments of CV finance, by leveraging on their core strengths of customer relationships, adaptability, local knowledge, and innovation capabilities.

IndoStar has built strong management capability and an expanded branch infrastructure for supporting its commercial vehicle finance, and is well positioned to grow within this segment.

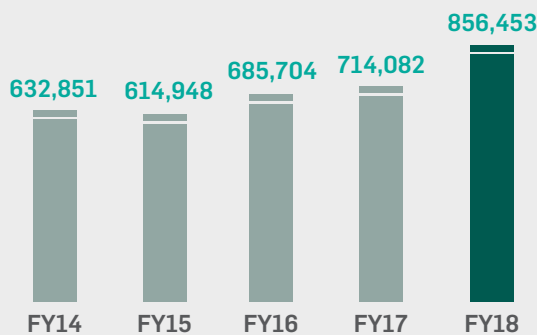
Apart from new vehicles, used CV financing has become important growth engine for CV focused NBFCs. For used CV, precise appraisal need to be done about the remaining life and value of the vehicle. Since this is not a focus area for the banks, there is ample opportunity for NBFCs to grow in this segment.

IndoStar has built strong management capability for commercial lending business and with industry tailwinds, it is well positioned to grow within the segment. With the highly experienced team the Company has assembled in FY2018, along with the branch infrastructure it has created, IndoStar expects to see strong growth in its CV financing business.

Housing Finance

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. HFCs have been at the forefront, clocking CAGR growth of approximately 22% in loan outstanding between FY2012 and FY2017, vis-a-vis the industry's (banks and HFCs) 19%. HFCs' loans outstanding is projected to clock 17% CAGR growth from ₹7.8 trillion in FY2017 to ₹10.8 trillion in FY2019, aided by higher finance penetration and demand for affordable housing. We expect all three segments (housing loans, developer loans and LAP portfolios) to continue to grow at a healthy pace.

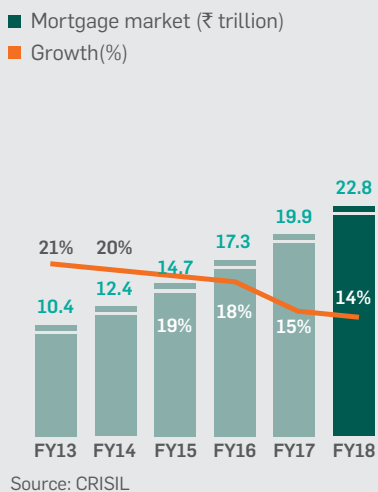
CV DOMESTIC SALES (NO. OF VEHICLES)



Source: CRISIL



MORTGAGE MARKET SIZE & GROWTH



The Indian Housing finance industry is currently in a sweet spot. Several Government initiatives such as the Pradhan Mantri Awas Yojna (PMAY) and Housing for All by 2022, have provided a major encouragement to the growth of housing finance companies. The Government has provided infrastructure status to the housing sector and is also pushing the “Affordable Housing” scheme on a large scale. The development of 100 smart cities will also drive the demand for housing finance in the years to come. The demand has especially been growing in tier 2 and tier 3 towns.

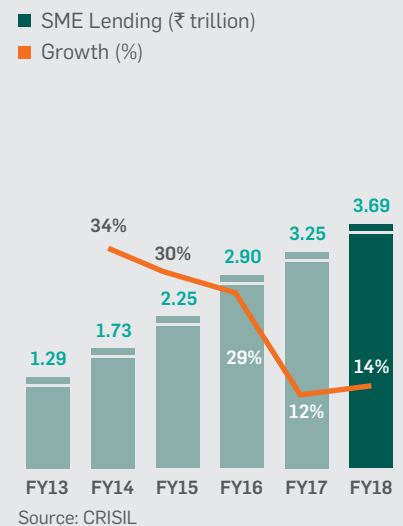
SME Finance

NBFC's in India operating in the SME lending space have grown rapidly over the last few years. They have captured significant market share from Public Sector Banks (PSB's). Customers prefer to deal with NBFC's over Public Sector Banks due to reasons such as faster turnaround time (TAT), and greater expertise in niche segments.

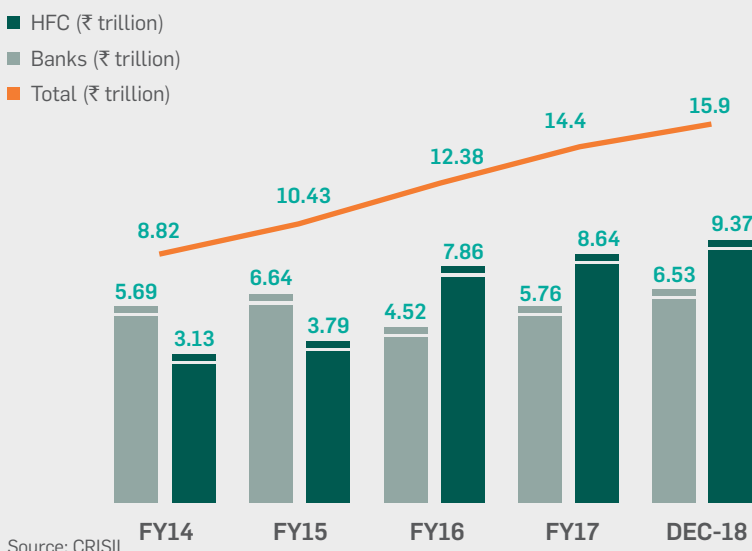
Till March 2018 loans to Micro/Small and Medium Enterprises (Services) up to ₹ 50 million and ₹ 100 million, respectively, were classified as priority sector lending (PSL). Since the per borrower loan limits to Micro/Small and Medium Enterprises (Services) have been removed, all bank loans to MSMEs engaged in providing or rendering services as defined in terms of investment in equipment under the MSMED Act, 2006, will now qualify under the priority sector without any credit cap. The government has also pushed MSME lending in a big way and this has benefited NBFCs by their inclusion in the credit guarantee scheme. SME credit is expected to grow at 13-15 per cent in FY2019, driven by sizeable unmet demand, increased working capital requirement post GST implementation, and limited credit availability from banks.

The government's support towards SME companies is expected to help immensely in future. In the landmark Budget 2018-2019, the finance minister reduced the corporate tax rate from 30% to 25% for companies with revenues less than ₹ 2,500 million. Earlier this was applicable only for companies with revenues upto ₹ 500 million. The government is also supporting MSMEs with the MUDRA scheme, for small enterprise which find it difficult to get bank funding.

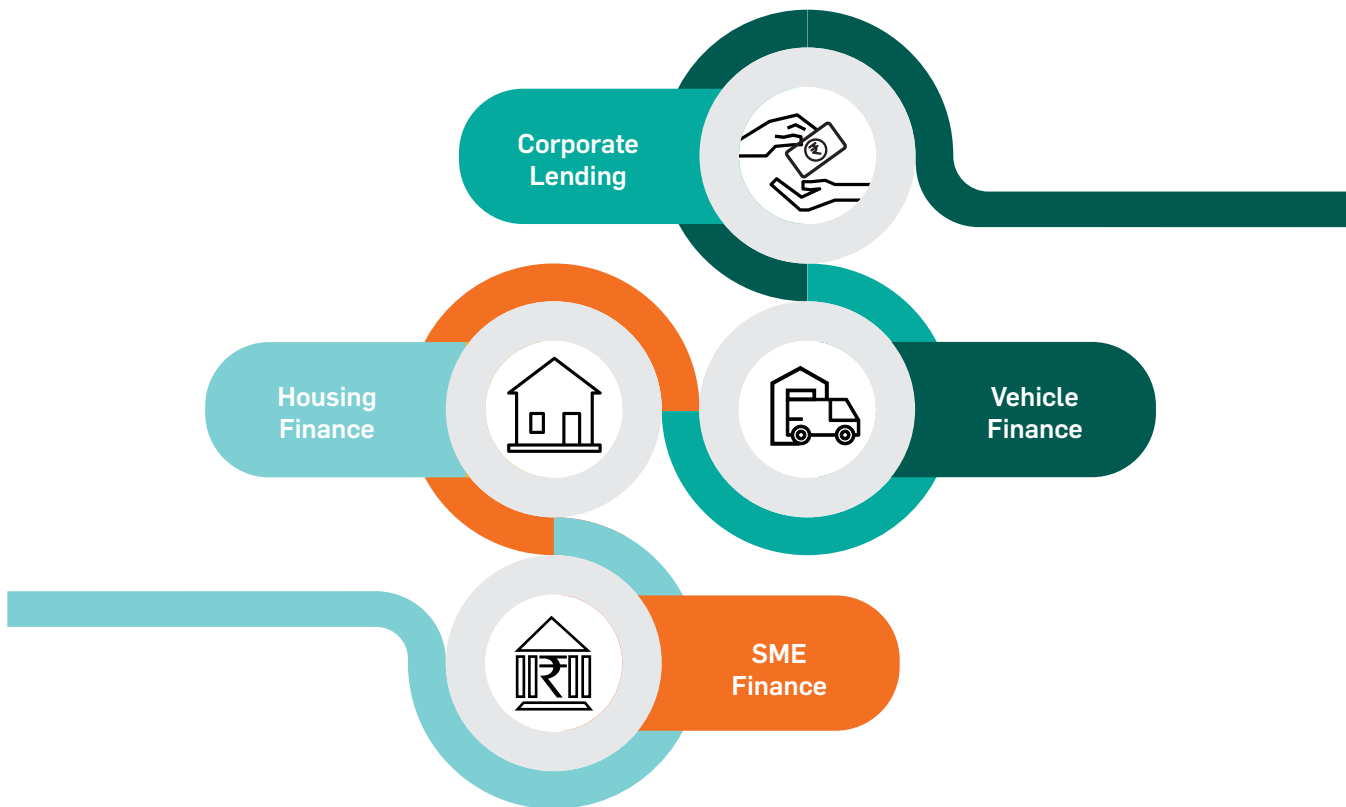
SME LENDING & GROWTH



MORTGAGE VOLUMES - BANKS VS. HFCS



MANAGEMENT DISCUSSION & ANALYSIS



IndoStar intends to expand and scale its operations by operating its four business lines as independent profit centres, each with a dedicated and experienced management team.

IPO

₹18.44 billion

Includes fresh issue of ₹ 7.00 billion

COMPANY INFORMATION

IndoStar: an emerging NBFC powerhouse

IndoStar is a non-banking finance company ("NBFC") registered with the Reserve Bank of India as a systemically important non-deposit taking company. It is a professionally managed and institutionally owned NBFC, which is primarily engaged in providing structured term financing solutions to corporates and loans to small and medium enterprise "SME" borrowers in India. During FY 18 the Company recently expanded its portfolio to offer vehicle finance. IndoStar also provides home finance through its wholly-owned subsidiary, IndoStar Home Finance Private Limited. The Company

completed an initial public offering (IPO) of its equity shares during May 2018. The IPO was well received and subscribed 6.8 times. The shares of the company are now listed on the NSE and BSE.

Transition to becoming a diversified NBFC

IndoStar is a uniquely positioned NBFC where its corporate lending and vehicle financing businesses will be the primary growth engines, while its housing and SME businesses will provide strategic operating leverage. The vehicle, housing and SME lending businesses comprise the Company's retail loan book. Retail lending at IndoStar will be focusing on customers currently underserved financially, the growing "Middle India" population, which aspires to improve its

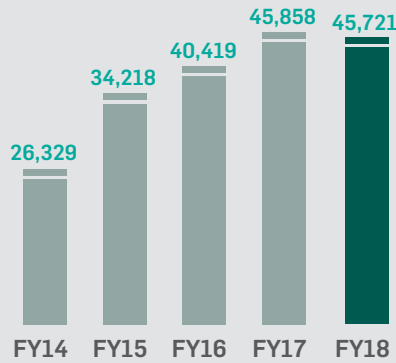
lifestyle and financial well-being. Loans given to middle India borrowers will enable them to own assets and grow their businesses. IndoStar is targeting customers who want to increase their asset base for commercial purposes through borrowing. The Company underwrites loans with strong collaterals in place, and actively tracks the paying ability of its borrowers. Going forward, IndoStar intends to continue to expand and scale its operations, primarily through the implementation of its four pillars strategy, wherein it operates each business line as an independent profit centre, each with a dedicated and experienced management team. The Company now focuses on the following main strategies for each of its business lines.

Corporate Lending Business

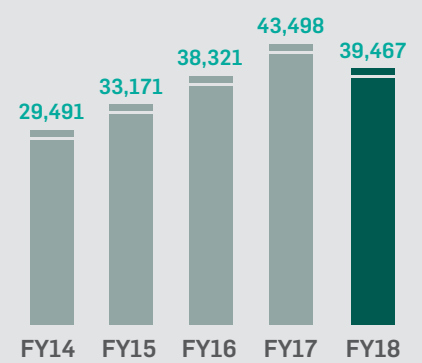
Within the Company's corporate lending book, IndoStar focuses on providing senior secured debt for developer financing, and structured lending to mid-to-large sized corporates in different sectors. In developer financing, IndoStar lends for the construction of residential and commercial properties with a typical ticket-size of ₹ 1,000-1,500 million.

The leadership team's experience is a core advantage for building the corporate lending business. Its strong relationship with borrowers and the team's abilities to structure products, as per requirements of its borrowers, helps IndoStar in building this loan book, which has grown consistently.

AUM (₹ million)
 GROWING AT A CAGR OF 15% OVER
 LAST 5 YEARS



DISBURSEMENTS (₹ million)
 GROWING AT A CAGR OF 8% OVER
 LAST 5 YEARS



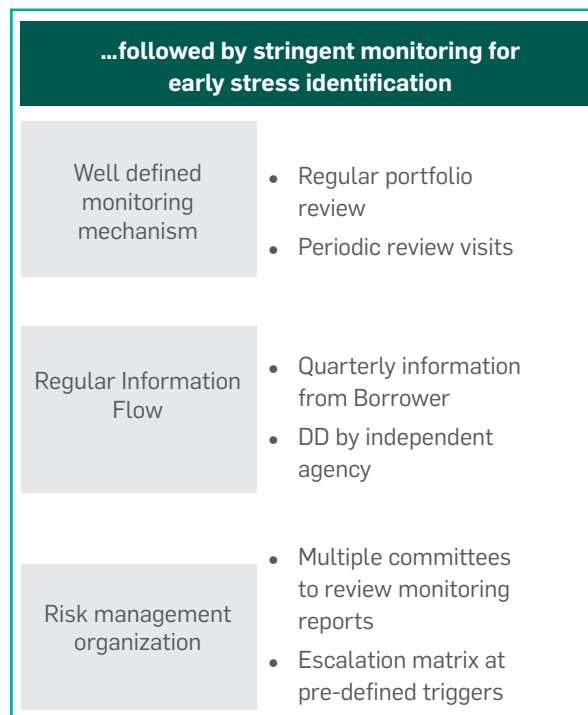
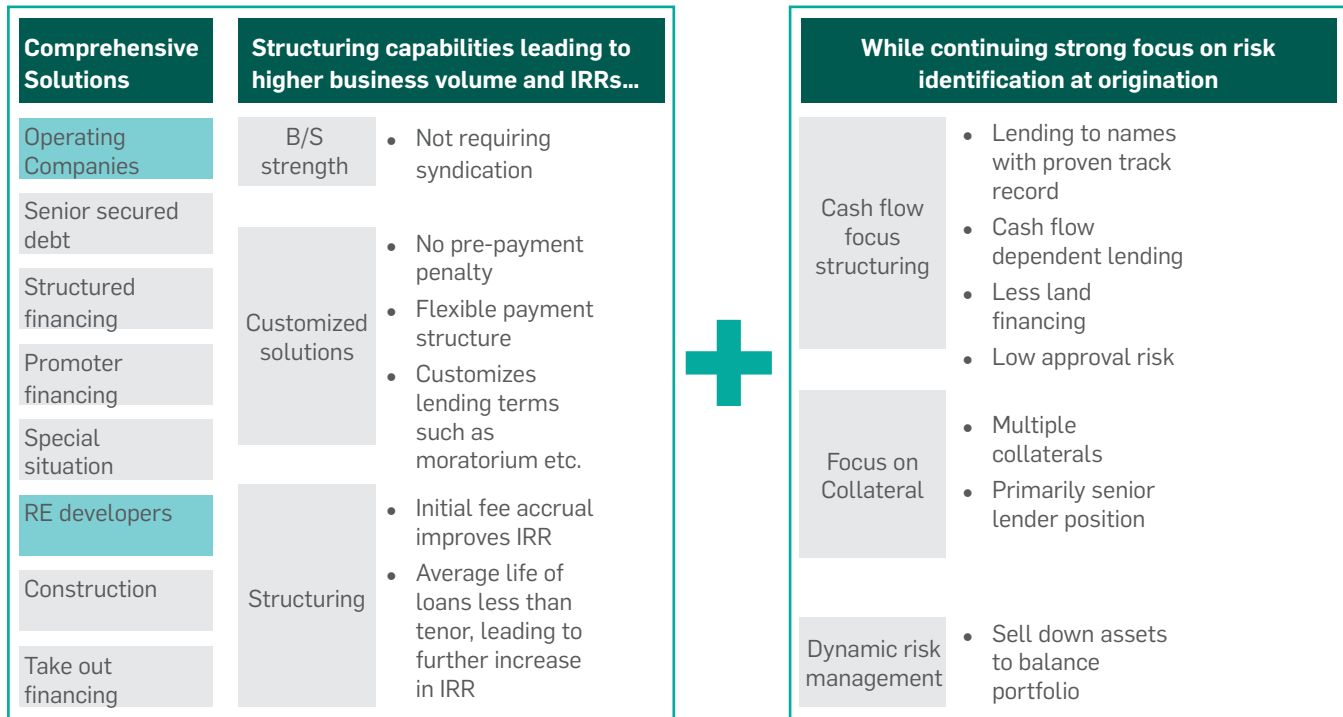
₹225+ billion

Cumulative disbursement
 since inception



MANAGEMENT DISCUSSION & ANALYSIS

The Company adopts a strong credit appraisal process, which helps in keeping the quality of loan book under strict control. It has a dynamic risk management workflow, where the loan is sold off at the trigger of early warning signals, and where the credit team keeps a very close watch on the developers to verify the construction progress for authorising milestone based disbursements.



Vehicle Financing Business

IndoStar's second pillar of growth is its Vehicle finance business, where the Company will be focusing on financing buyers of used commercial vehicle, primarily 5–12 year old vehicles. The Company plans to directly engage with small and mid-sized freight operators. Its focus would be to enable small fleet operators to increase their fleet count, and expand their business.

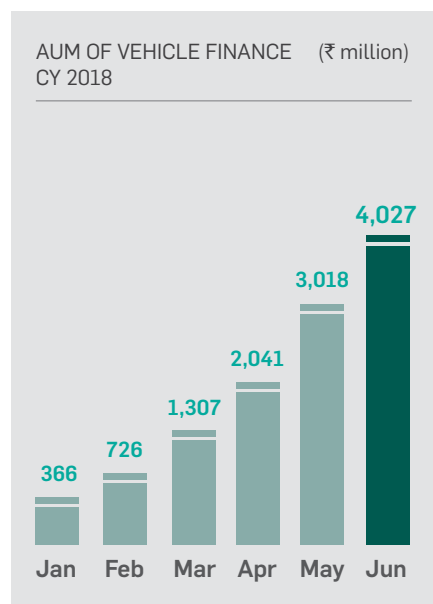
The Company has hired highly experienced professionals with significant relevant experience and has increased the number of branches offering vehicle finance products to develop this business. As of March 2018, it had 75 branches offering vehicle financing products and 604 employees for its vehicle financing business. The Company intends to leverage the relationship of its team members with small and mid-size freight operators and commercial vehicle owners to grow the loan portfolio. However, relationships with third-party intermediaries will also be important for the growth of vehicle

finance business. The Company is also focused on growing these relationships.

IndoStar started its vehicle finance business in November 2017. The vehicle finance operations involve a relatively larger sourcing team, as compared to the other business lines of the Company, as it is largely based on its experience of working with customers with limited credit history and in its ability to effectively assess risks associated with financing used vehicles. As of March 31, 2018, IndoStar's Vehicle Finance Credit Exposure amounted to ₹ 1,307 million, which has increased to ₹4,027 million by June 30, 2018.

The Company has headquartered its vehicle finance business in Chennai, being the centre of the Vehicle Finance ecosystem, it expects Tamil Nadu and the larger southern region to be the Company's initial focus, as it rolls out this business. With the credit culture well entrenched in South India, the region has naturally been the hub for a large number of vehicle finance companies.

Headquartered in Chennai, IndoStar's vehicle finance business is at the centre of the Vehicle Finance business hub and ecosystem.



1,876

Customers in commercial vehicle as of March 2018

MANAGEMENT DISCUSSION & ANALYSIS

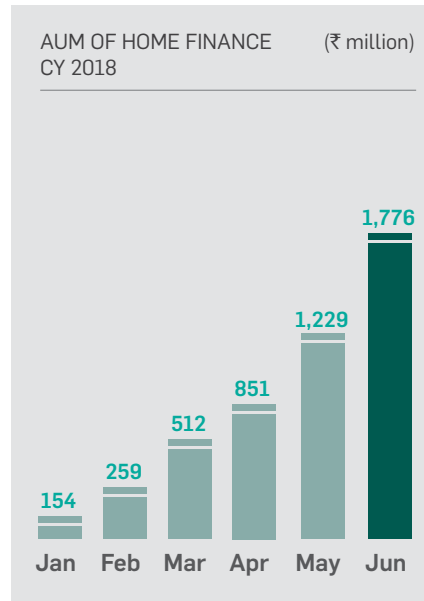
Housing Finance Business

The housing finance business at IndoStar is undertaken by its wholly owned subsidiary IndoStar Home Finance Private Limited. The business is operated under two sub-segments, namely (i) affordable home finance, which commenced operations in September 2017, and (ii) retail home finance, which commenced operations in March 2018.

IndoStar plans to focus on Middle India's self-employed and salaried individuals, providing them home loans for buying their first home or their home improvements, which is a large category of borrowers who are not served properly in the current market.

The Company also intends to leverage its understanding of the real estate business to develop its housing finance business, for gaining access to purchasers of housing property, or selectively, by becoming a financier for such real estate developers. It may also consider developer finance opportunities in select locations to grow its housing finance credit exposure. The Company will provide a differentiated approach to customers of its housing finance business, through use of technology, analytics and processes to provide quick turnaround times in underwriting and disbursements.

As part of affordable housing finance, IndoStar's focus will be on providing loans to self-employed and salaried individuals in smaller cities and the outskirts of urban markets. It has hired experienced personnel to grow the housing finance business and, wherever possible, it will leverage the branch infrastructure of the vehicle finance business. This will reduce fixed operating costs for the business. As of March 2018, the Company had 31 branches offering affordable housing finance products and 341 employees for its housing financing business. As of March 31, 2018, IndoStar's Home Finance credit exposure amounted to ₹ 512 Mn, which has increased to ₹ 1,776 Mn on June 30, 2018



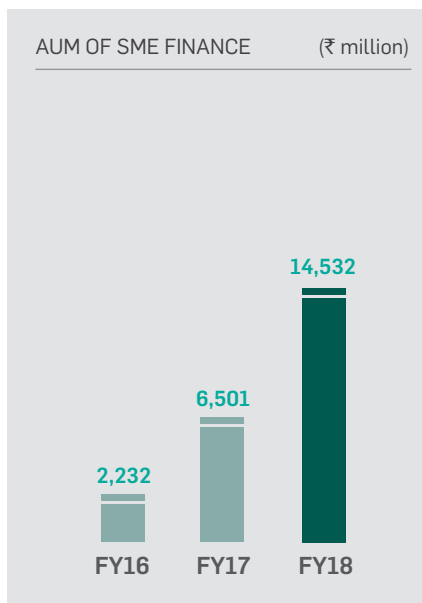
SME Finance Business

IndoStar forayed into the SME finance sector as the first step towards building its retail franchise. The Company identifies customers in SME sector, who are not well served by the banks and other NBFCs. IndoStar sees a huge opportunity in middle and entrepreneurial India, as they are not adequately served in terms of customised financial solutions.

The Company's SME finance is aimed at primarily lending for commercial purposes with the objective of helping our customers grow in their businesses, distinct from other NBFCs who are not averse to idea of lending for consumption purpose. All SME finance is against the collateral of self-occupied residential or commercial property..

The key focus customers in the SME space are, traders, manufacturers, self-employed professionals and service businesses, with majority of loans disbursed to the customers eligible to qualify for PSL category.

SME finance commenced in 2015 and since then has grown significantly. Currently, SME finance is done from 10 branches in 8 locations with 23% of overall loan book coming from SME finance. We had cumulatively disbursed ₹ 20,769 Mn since commencement of our SME finance business.



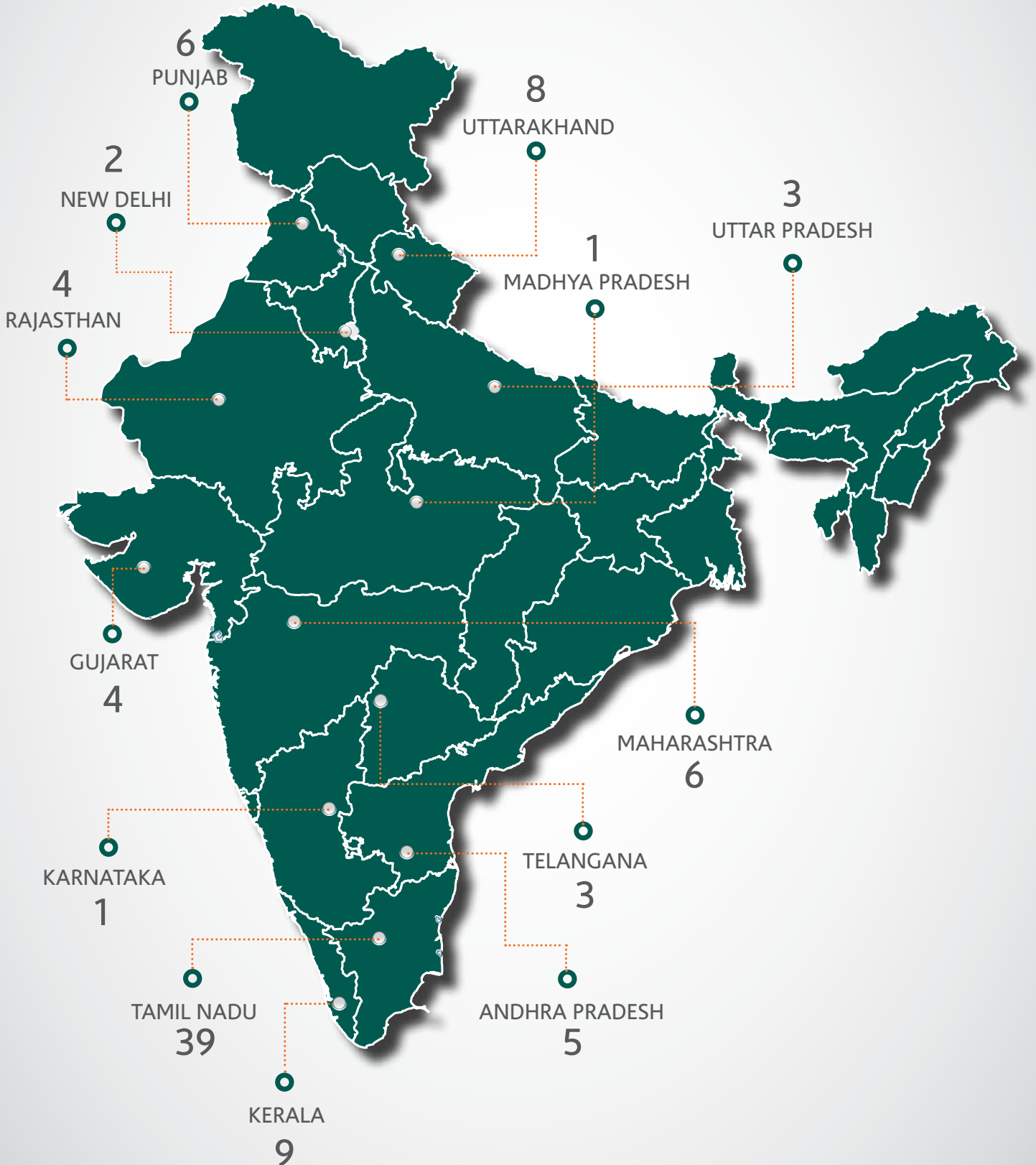
IndoStar sees an enormous opportunity in middle and entrepreneurial India, who are not adequately served in terms of customised financial solutions.

₹20,769 million

SME disbursement till
March 31, 2018



Our Pan India Branch Presence 91 Branches Opened by FY2018



*Operational Branches opened by FY18

FINANCIAL REVIEW

Particulars (In ₹ Mn)	FY2018	FY2017	YOY
Interest Income	7,031	6,436	9%
Interest Expense	3,244	3,118	4%
Net Interest Income	3,787	3,317	14%
Fee Income	1,189	757	
Other Income	120	7	
Total Income	5,095	4,081	
Employee Expenses	816	482	
Other Expenses	693	245	
Operating Expenses	1509	727	
Pre-provision Operating Profit	3,587	3,354	
Provisions & Write-offs	89	123	-28%
Profit Before Tax	3,497	3,230	8%
Tax Expense	1,253	1,122	12%
Profit After Tax	2,244	2,108	6%

During the year disbursements grew by 10%, and AUM by 19%.

Significant investments were made in infrastructure, technology and people to support the planned acceleration in Retail Lending. Even after these investments, which resulted in operating expenses increasing by ₹ 782 Mn, Profit Before Tax increased by 8% to ₹ 3,497 Mn and Profit After Tax by 6% to ₹ 2,244 Mn

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has adequate internal control systems in place, commensurate with its size and the industry in which it operates. The foundation for internal control is set by the risk management framework, financial control, internal audit and related policies.

The internal control framework is intended to ensure correct, reliable, complete and timely financial reporting and management information, safeguarding of company assets and efficient conduct of business. The framework endorses ethical values, good corporate governance and risk management practices.

The Company has adopted an Internal Financial Control frame work in line with section 134(5)(e) of Companies Act, 2013 for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The effectiveness of internal financial controls is verified by an independent audit firm, which undertakes the following:

- Review entity level controls covering key aspects relating to control environment, control activities, risk management, information, communication and monitoring framework.
- Update Risk and Control Metrics (RCMs) for business and support functions for changes in control procedures and coverage of all components of internal financial controls.

- Test the design and operating effectiveness of controls for new processes and changes in controls for existing business processes.

The Company engages the services of KPMG, a leading firm of Chartered Accountants, for checking the effectiveness of internal financial controls as well as to carry out an internal audit, covering all business verticals and functional areas. The internal audit function independently scrutinises critical audit areas, based on audit plans that are reviewed and approved by the Audit Committee. These audit plans are formulated on the basis of a risk evaluation exercise, to determine the focus areas for review. Significant Internal Audit findings are periodically reviewed by the Management Committee and the Audit Committee and corrective action plans suggested by them are implemented by the process owner at the relevant business unit or functional area to continuously strengthen internal controls.

THREATS, RISKS AND CONCERNS

The primary risk or concern for any NBFC arises from an increase in interest rates and an inability to pass through higher interest rates to the borrower. India has witnessed falling interest rates till FY2018, however with inflation picking up, interest rate are starting to increase and are expected to harden further going forward. RBI, has increased interest rate in June 2018, in response to higher inflation due to higher crude prices and the depreciating rupee. If interest rates in the global economy increase any further, the RBI will have little room but to follow suit.

In such a scenario, it will be critical for IndoStar to pass on any increase in its borrowing cost and maintain its NIM. Shifting customers to a higher interest rate would mitigate this risk, however this needs to be managed keeping in mind customer profile, competitive landscape and growth plans. As any prudent lender, IndoStar looks to run its business on the basis of focusing on its margins and therefore tries to ensure

MANAGEMENT DISCUSSION & ANALYSIS

that there is as much pass through as possible, limiting exposure to interest rate risk.

Another key risk or concern for any NBFC will be on its growth outlook. Currently, NBFCs across board are doing well, with AUM growth much faster than banking sector. NBFCs will continue to deliver stronger growth as they are focussed on niche lending segments and hence more efficient in meeting customer needs. In the commercial vehicle segment, the entire industry is upbeat about its growth cycle for next few years. However, any slowdown in CV loans business cycle could potentially also lead to a slowdown in IndoStar's growth. The Company contains this risk by being a well balanced and diversified NBFC, with a healthy split between corporate and retail lending, and also within retail - between housing, CV and SME lending.

Keeping NPA at low level helps lending companies to maintain a healthy balance sheet. IndoStar has a strong focus on asset quality. Within, Corporate lending, the Company currently has only one account which has been categorised as an NPA till date, and the management is working towards recovering the dues from that account as well. Any spike in NPA going forward can pose a risk to IndoStar. However, the Company is well equipped to manage this risk through its robust credit approval processes, supported by highly vigilant and continuous monitoring protocols of its loan book.

OUTLOOK

At IndoStar, the growth agenda is based on four pillars: Corporate Lending, Commercial Vehicle, Housing and SME finance. As its corporate lending business is relatively mature and well set, the Company anticipates its other new businesses to grow much faster for next few years, till they themselves become sizeable pieces of its overall business. With healthy internal accruals and sizeable funds raised from its recent IPO, the Company is well funded to

achieve its goals and produce growth above industry benchmarks for the next few years.

Given the favourable macroeconomic conditions that are prevailing in India, IndoStar expects its both Corporate and Retail lending business to have significant growth potential. The Company is well organized and structured to capitalise on this opportunity, given its strong balance sheet; expanded network of branches reaching out to multiple geographies within India; a highly motivated workforce and experienced leadership team at its helm.

HUMAN RESOURCES

During FY2018, the employee base of the Company increased exponentially, from a headcount of 93 at the beginning of FY2018, to 1,094 as of 31st Mar 2018. The average age of the employee base is approximately around 33 years. The average experience of our employees is around 9 years.

Recruitment and On-boarding:

During the year, the entire process of recruitment and on-boarding was streamlined to enable efficient and effective on-boarding for business support. As businesses were being set up, attracting the right talent for each of the different businesses was of paramount importance. With the large number of offers being rolled out, it was crucial to manage the on-boarding process seamlessly. Pre-Joining connect – through emails, SMS and calls was initiated. Collaboration between the Administration, IT and other ecosystem was further enhanced so that employees who come on board have a smooth joining experience assimilating within the company. Employee referrals were encouraged. Documentation and approval process was streamlined. The HR vendor model for all the HR related activities and compliance was revisited with efficiency in cost and services. Recruitment charges were re-negotiated with various vendors to bring in more cost savings in this area.

Key Initiatives

A significant focus this year for the Company was to build a strong foundation and to get the basics right. Special attention was placed on employee productivity, engagement and induction programmes. One of our key deliverables was getting a large number of employees inducted into the organisation within a short period of time. Inductions were conducted pan India at close to 40 locations by the HR team, to familiarize new employees with the organisation, policies, processes and other relevant aspects that impact an employee during their tenure with the Company.

The HR team also ensured that IndoStar remained compliant with all applicable labour compliance rules at all its branches, especially as requirements vary from state-to-state.

During FY2018, the Company reviewed all its policies to ensure that they were more in line with a retail lending organisation. It also compared and benchmarked the best industry practices to be adopted. Policies were made more employee focused and processes simplified to reduce TATs and make the HR processes efficient. To motivate its employees, the Company launched incentive schemes and conducted email campaigns to educate its employees. Weekly mails are sent to all new employees to make them aware of the management's performance expectations right from the beginning. The Company also launched its annual appraisal process to cover all eligible employees pan India. Performance discussions and feedback were encouraged to set the basis for a performance driven culture in the future.

In order to build employee engagement and a better connect with all its branches pan India, the Company implemented various initiatives during the festival seasons. Communication and Connect with employee was built through Town Hall meetings with the Executive Vice – Chairman and CEO and

small focus group discussions. Branch visits by senior business leaders and the HR team helped in understanding the employee pulse and in getting feedback from the frontline teams. Email campaigns educating employees on their safety, health and lifestyle were also carried out.

Monetary schemes were run by the businesses and winners were awarded with cash reward, international and national trips in order to motivate them and build on team strengths. Besides this there were also Non-monetary rewards, where employees who go beyond their regular role are felicitated. This has helped in reinforcing and in building positive behaviours within the organisation.

In FY2018, structured training programmes were planned out for employees at different levels. "Strategic Connections" is one such program that brings together managers from different businesses to focus on managerial effectiveness, collaboration and leadership skill building. It also helped to foster a sense of harmony, ownership and bonding amongst the participants.

INFORMATION TECHNOLOGY

The technology strategy of IndoStar is interwoven with its business strategy, and centres around process efficiency, reliability of infrastructure and innovation. With the addition of a large number of branches and the introduction of new business and product lines, the Company has extended its existing technology platform of its Corporate Lending; SME business; and its housing finance business. A new enterprise platform was also implemented for its Vehicle Finance business in FY2018.

With the setup and stabilisation of its core loan management systems, the Company is geared to reap the benefits of increased accuracy of data and improved efficiency in its back-end processes, thereby enabling it to concentrate on customer requirements

and augmenting IndoStar's service delivery standards. The loan management systems are hosted on a robust Data Centre (DC) and Disaster Recovery centre (DR) infrastructure. The architecture of DC and DR have been designed on four fundamental principles- data security, data integrity, data availability and data scalability. Going forward, one of the key pillars of our strategy is to create a digital ecosystem in order to offer a seamless experience to our customers. It will include technology solutions that are focused on end to end automation, ease of transaction processing, hassle free customer service, improved risk management and compliance, along with data security. Further, the Company is now gearing up to enhance its technology capabilities across other areas such as mobility, treasury and human resources and analytics. The web-site of the company is also being revamped and aligned to a new business environment. The overall architecture includes close integration across various systems, so as to achieve Straight Through Processing (STP) across systems and have close linkage with

IndoStar's digital channels and centres around process efficiency, reliability of infrastructure and innovation.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of IndoStar's Annual Report, FY2017-18.



THE BOARD OF DIRECTORS



MR. DHANPAL JHAVERI
(DIN – 00019437)

Mr. Dhanpal Jhaveri is the Chairman and Non-Executive Director of IndoStar. He has over two decades of experience in investments, strategy, M&A and investment banking. Currently, he is a Managing Partner at the Everstone Group. Prior to joining Everstone, Dhanpal worked as Director (Corporate Strategy) with Vedanta Resources Plc. His previous assignments include, being the Head of Investment Banking at ICICI Securities, and Partner for Corporate Finance at KPMG. Mr. Jhaveri holds a degree in Bachelor of Commerce from the University of Mumbai and an MBA from Babson College, USA.



MR. R. SRIDHAR
(DIN – 00136697)

Mr. R. Sridhar is the Executive Vice-Chairman and CEO of IndoStar. He has over three decades of experience in the financial services industry. Prior to IndoStar, he was associated with the Shriram Group since 1985 and held the position of Managing Director & CEO of Shriram Transport Finance Company Limited for over a decade since the year 2000. Under Mr. Sridhar's leadership, the Company is expanding its retail businesses, while nurturing its well established corporate lending business. Mr. Sridhar is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor's degree in Science.



MR. SAMEER SAIN
(DIN – 01164185)

Mr. Sameer Sain is a Non-Executive Director on the board of IndoStar. He is the Co-Founder and CEO of the Everstone Group. Prior to founding Everstone, Mr. Sain was at Goldman Sachs for more than a decade, and served as a Managing Director in the Investment Management Division. He was also the head of the Special Investments Group (International) and the Institutional Wealth Management Group (Europe). Mr. Sain holds a Bachelor of Commerce degree from the University of Mumbai, a Bachelor of Business Administration from the University of Massachusetts and a Master of Business Administration from Cornell University.



MR. ALOK OBEROI
(DIN – 01779655)

Mr. Alok Oberoi is a Non-Executive Director on the board of IndoStar. He has over three decades of experience in the financial industry, having spent 14 years in Wealth Management at Goldman Sachs and 17 years in Principal Investments and Private Wealth Management. He co-founded ACP Partners in 2001. Mr. Oberoi holds a Master's of Business Administration and a Bachelor's of Science from Cornell University.



MR. DINESH KUMAR MEHROTRA
(DIN - 00142711)

Mr. Dinesh Kumar Mehrotra is a Non-Executive Independent Director on the board of IndoStar. He retired as Chairman of India's largest insurance company, Life Insurance Corporation of India in May 2013. He has over three decades of experience in the financial services industry and has held various important positions at the corporation during his tenure. Presently he is also serving as a Director on the Boards of a number of diverse companies, namely IEX, TATA AIA Life, UTI AMC and others.



MR. BOBBY PARIKH
(DIN - 00019437)

Mr. Bobby Parikh is a Non-Executive Independent Director on the board of IndoStar. He has nearly three decades of experience in financial services industry. Mr. Parikh's area of focus is providing tax and regulatory advice in relation to transactions and other forms of business reorganizations. He has founded Bobby Parikh Associates, a boutique firm focused on providing strategic tax and regulatory advisory services. Mr. Parikh is a qualified Chartered Accountant from the Institute of Chartered Accountants of India and holds a Bachelor of Commerce degree from the University of Mumbai.



MR. HEMANT KAUL
(DIN - 00551588)

Mr. Hemant Kaul is a Non-Executive Independent Director on the board of IndoStar. He has vast experience as an independent management consultant, having worked with private equity firms to evaluate investments in the financial sector. Earlier, Mr. Kaul has also been the MD & CEO of Bajaj Allianz General Insurance Co Ltd. and the Executive Director of Axis Bank. Mr. Kaul holds a bachelor's degree in science and a master's degree in business administration from Rajasthan University.



MRS. NAINA KRISHNA MURTHY
(DIN- 01216114)

Mrs. Naina Krishna Murthy is a Non-Executive Independent Director on the board of IndoStar. She has more than two decades of experience in the legal sector. She is the Founder and Managing Partner of Krishnamurthy & Company. She is also a trusted legal advisor to numerous corporations. Over the years, Mrs. Murthy has built a strong reputation in corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE/VC investments. She was recognised by India Business Law Journal as 'A List' of India's top 100 lawyers in 2018, 2017 and 2016. Mrs. Murthy holds a degree in Law, with a B.A. and LLB (Hons) from National Law School, Bangalore.

MESSAGE FROM THE CHAIRMAN

Our approach and commitment to corporate governance is essential to the delivery of our strategic priorities and enhancement of shareholder value.

Dhanpal Jhaveri
Chairman



Dear Shareholders,

FY 2018 was a year of many changes, several of which will have long-term implications for economic growth. In terms of the global outlook, economic activity gained momentum in the US and the Euro area. In parallel, emerging markets and developing economies also performed better, with a pick-up in emerging Europe and growth in emerging Asia. Tariff imposition by the US on various products and countries increased financial volatility. Despite negotiations between USA and China, there is a real fear of a trade war. Overall, global GDP is expected to grow at 3.9% in 2018 with the advanced and emerging economies posting 2.5% and 4.9% growth respectively. Having said that, increase in protectionist policies, geo-political uncertainty and the escalation of US sanctions on Iran with the consequent impact on oil price represent key risks to global growth.

In India, we are entering a long-term phase of economic growth, with evidence of improving performance across agriculture, manufacturing, services (including financial services) segments of our economy. Despite significant interventions, such as the introduction of GST and RERA, the economy has exhibited strong resilience to quickly adapt and resume its growth momentum. With a revival of consumption on the demand side, and in manufacturing on the supply side, economic activity should stay strong in FY 2019. With a strong thrust on rural and infrastructure sectors

in the most recent Union Budget, both urban and rural demand for products, vehicles, services and homes should grow and keep the country's economic momentum going.

With a positive macro-economic backdrop, growth opportunities in the retail lending segment look even more encouraging. As an under-banked country, with pent up demand for housing, vehicles and consumer durables, there are strong growth opportunities for emerging lending companies such as us. IndoStar is working to establish itself as a robust, diversified lending institution.

IndoStar is highly cognizant of its responsibilities to all stakeholders. Our role, as the Board, is to set the strategy for your Company, and ensure that the business is operated in accordance with this strategy. In doing so, we look to safeguard the long term interests of all stakeholders, while creating sustained value for shareholders.

Our approach and commitment towards corporate governance is essential to the delivery of strategic priorities. Your Company conducts business based on compliance with applicable laws and regulations, fairness, mutual respect and integrity under a comprehensive 'Code of Conduct'. Your Company is organized around the ability to attract and leverage the talent of exceptional people. The significant employee ownership of IndoStar will be an important contributor towards achieving the long-term objectives of the Company.

There have been several changes made to the Board of Directors in the last financial year, which have been detailed in the Corporate Governance Report included as part of the Annual Report. I take this opportunity to thank

Mr. Eric Schwartz, Mr. D Sivanandhan and Mr. Ravi Narain, for their valuable contributions as Directors. I look forward to working with our new Directors, Mr. D K Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishnamurthy.

I would like to thank Mr. Vimal Bhandari for his able leadership and valuable contribution as our MD & CEO till April 18, 2017.

I also welcome Mr. Sridhar as our new Executive Vice-Chairman & CEO from April 18, 2017 onwards. His vast experience and track record speaks for itself, and we look forward to IndoStar scaling new heights under his leadership.

We consider that our Board has the diversity and mix of skills, experience, independence and knowledge required for the Company to be able to honor its responsibilities successfully. Profiles of each Director, together with information on their experience relevant to the Company, are set out in the Annual Report. Together with the reports from each of the Nominations, Remuneration, Stakeholder Relationship, and Audit Committees, our Annual Report provides an overview of our key governance activities and practices.

We expect to benefit from favorable macroeconomic conditions in India, which should raise people's prosperity in general. At IndoStar, we have built a business model that is in strong alignment with this trend. Given our strong balance sheet; expanded network of branches; and a highly experienced leadership team, we are poised to build a strong business by financing the growth aspirations of a surging Middle India.

We will continue to drive growth at IndoStar keeping in mind the dynamic balance of the three primary principles

on which we are building your Company: Asset Growth, Asset Quality and Profitability.

Our corporate lending business has achieved significant scale and momentum, with significant headroom for growth. We expect our new retail lending businesses to grow into sizeable parts of our overall business. We are confident that we are well positioned to achieve our goals and deliver sustained, profitable growth over the next several years.

We look forward to making this exciting journey with the support of all our stakeholders.

Sincerely,

Dhanpal Jhaveri
Chairman

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 9th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

The key highlights of the standalone audited financial statements of your Company for the financial year ended March 31, 2018 and comparison with the previous financial year ended March 31, 2017 are summarized below:

Particulars	₹ in crore)	
	As at March 31, 2018	As at March 31, 2017
Total income	830.47	715.54
Total expenditure	469.57	395.12
Profit before taxation	360.90	320.42
Less: Provision for taxation		
- Current tax	125.45	117.45
- Deferred tax asset	(0.13)	(6.06)
Net profit after taxes	235.58	209.04
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	47.12	41.81
Surplus in the statement of profit and loss	188.46	167.23
Balance brought forward from previous period	636.46	469.23
Balance carried to balance sheet	824.92	636.46
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	29.95	28.45
Diluted (₹)	27.03	26.09

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

Your Company has recorded another year of steady growth, despite a highly competitive environment in the financial services sector. As a part of its growth strategy, your Company expanded its product portfolio in the retail lending segment by launching its vehicle finance business and housing finance business (through its wholly-owned subsidiary IndoStar Home Finance Private Limited). To achieve meaningful scale and support the growth of retail lending segment, your Company significantly expanded its branch network to near 100 branches as against 7 branches as on March 31, 2017 and increased the employee base to more than 1,000 as compared to 93 employees as on March 31, 2017.

Despite of rise in infrastructure and staffing expenses on account of expansion of branch network and increase in employee strength, the profit before tax as on March 31, 2018 increased by 12.63% to ₹ 360.90 crore (previous year: ₹ 320.42 crore). The profit after tax as on March 31, 2018 increased by 12.70% to ₹ 235.58 crore (previous year: ₹ 209.04 crore) and the net worth of the Company as on March 31, 2018 increased by 12.92% to ₹ 2,145.99 crore (previous year: ₹ 1,900.42 crore).

Pursuant to the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, a provision of ₹ 23.69 crore (previous year: ₹ 20.71 crore) at the rate of 0.40% of outstanding standard assets of the Company was made as at March 31, 2018 and pursuant to the requirement of Section 45-IC of the Reserve Bank of India Act, 1934, an amount of ₹ 47.12 crore (previous year: ₹ 41.81 crore) was transferred to statutory reserve fund. For details of Reserves and Surplus of the Company, please refer Note 4 of the standalone audited financial statements of the Company for the financial year ended March 31, 2018.

Your Company has continued to maintain good asset quality with a net NPA of 1.1% as on March 31, 2018 (previous year: 1.2%), in spite of a difficult macro-economic environment.

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

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

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

DIVIDEND

Considering your Company's rapid growth, launch of vehicle finance business and future strategy and plans, your Directors consider it prudent to conserve resources and despite having sufficient distributable profits, do not recommend any dividend on equity shares for the financial year under review.

CONSOLIDATED FINANCIAL STATEMENTS

In terms of Section 129 of the Companies Act, 2013 read with Rules framed thereunder ("Act"), consolidated audited financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the standalone audited financial statements of the Company for the financial year ended March 31, 2018.

The standalone and consolidated audited financial statements along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at <http://www.indostarcapital.com/investors.html>.

INITIAL PUBLIC OFFERING

Directors are pleased to inform that, subsequent to the year under review, your Company completed the initial public offering of its equity shares ("IPO") for 3,22,37,762 equity shares of face value of ₹ 10/- each, for cash at a price of ₹ 572/- per equity share determined through book building process, comprising a fresh issue of 1,22,37,762 equity shares aggregating to ₹ 700 crore and an offer for sale of 2,00,00,000 equity shares aggregating to ₹ 1,144 crore by Indostar Capital, Promoter and Holding Company of the Company and 5 (five) other selling shareholders. Equity shares allotted / transferred in the IPO constituted 35.37% of the post-offer equity share capital of the Company.

Pursuant to listing of equity shares on stock exchanges, your Company enjoys the benefit of enhanced brand name and creation of public market for the equity shares of the Company.

The IPO opened on May 9, 2018 (for anchor investors the IPO opened and closed on May 8, 2018) and closed on May 11, 2018. The IPO received an overwhelming response from all categories of investors and was subscribed by 6.8 times.

Post allotment / transfer in the IPO, the equity shares of your Company got listed and commenced trading on the BSE Limited and the National Stock Exchange of India Limited on May 21, 2018.

The proceeds of fresh issue were used towards augmenting the capital base of the Company to meet future capital requirements. There has been no deviation in the utilization of the proceeds from the fresh issue and the proceeds from the offer for sale were remitted to the respective selling shareholders in proportion to the equity shares offered by each of them, after adjusting their share in the offer related expenses.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

Your Company has 2 (two) unlisted wholly-owned subsidiaries, IndoStar Asset Advisory Private Limited (“IAAPL”) and IndoStar Home Finance Private Limited (“IHFPL”). Your Company does not have any joint venture(s) / associate company(ies) within the meaning of Section 2(6) of the Act.

During the year under review, there has been no change in the nature of business of the subsidiary companies and there were no additions / deletions in the number of subsidiaries of your Company.

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the Board of Directors adopted a Policy for Determining Material Subsidiary (“Material Subsidiary Policy”) in terms of which IAAPL and IHFPL are not material subsidiaries of your Company. Details of the Material Subsidiary Policy are given in the Corporate Governance Report which is annexed to and forms an integral part of this Board’s Report.

The standalone audited financial statements of each of the subsidiaries are available on the website of the Company at <http://www.indostarcapital.com/investors.html#financial-statements-subsidiary-companies-wrap>. Members interested in obtaining a copy of the standalone audited financial statements of the subsidiaries may write to the Company Secretary at the Registered & Corporate Office of the Company.

IndoStar Asset Advisory Private Limited

IAAPL is enabled under its objects to carry on the business of *inter-alia* advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. Currently, IAAPL acts as an investment manager to IndoStar Credit Fund and IndoStar Recurring Return Credit Fund, both, Category II Alternative Investment Funds registered with the Securities and Exchange Board of India (“SEBI”). Since IndoStar Recurring Return Credit Fund is not operational, IAAPL applied to SEBI for surrendering the registration of IndoStar Recurring Return Credit Fund and the application is under process.

During the year under review, the total income of IAAPL was ₹ 0.60 crore (previous year: ₹ 3.72 crore) and the loss after tax was ₹ 1.08 crore (previous year: profit after tax was ₹ 1.33 crore).

IAAPL has incurred loss during the year under review as a result of decrease in the management fees received by IAAPL from IndoStar Credit Fund on account of redemption of investments already made and no fresh investments by the IndoStar Credit Fund.

IndoStar Home Finance Private Limited

IHFPL is registered with the National Housing Bank to carry on the business as a housing finance institution without accepting public deposits consisting of 2 business verticals namely Affordable Home Finance and Retail Home Finance. IHFPL commenced its business operations in September 2017 and considering its growth plans, has expanded its branch network as on date to over 40 branches and employees’ base to over 400 employees.

During the year under review, the total income of IHFPL was ₹ 2.90 crore (previous year: ₹ 0.65 crore) and the loss after tax was ₹ 10.12 crore (previous year: profit after tax was ₹ 0.43 crore). IHFPL has incurred loss during the year under review as a result of the significant cost incurred in setting up its branches and hiring of employees to support business expansion and growth.

During the year under review, your Company invested ₹ 50 crore and subsequent to the year under review, invested additional ₹ 40 crore, in the equity share capital of IHFPL, after which the aggregate investment of your Company in equity share capital of IHFPL increased to ₹ 100 crore. Subsequent to the year under review, your Company granted a loan of ₹ 100 crore to IHFPL for its business and operational requirements.

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 the Annual Report.

SHARE CAPITAL

Authorised Share Capital

During the year under review, the authorised share capital of the Company was increased from ₹ 90 crore, divided into 9,00,00,000 equity shares of face value of ₹ 10/- each to ₹ 110 crore, divided into 11,00,00,000 equity shares of face value of ₹ 10/- each.

Issued, Subscribed and Paid-up Share Capital

During the year under review, the Company issued and allotted 3,17,460 equity shares on preferential allotment basis, to Mr. R. Sridhar, Executive Vice-Chairman and CEO of the Company.

Subsequent to the year under review, the Company issued and allotted 1,22,37,762 equity shares by way of fresh issue in the IPO and 13,01,394 equity shares pursuant to the exercise of stock options under various ESOP plans of the Company.

Subsequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company stands increased to ₹ 92,21,84,150/- divided into 9,22,18,415 equity shares of face value of ₹ 10/- each.

Your Company has not issued any equity shares with differential rights as to voting, dividend or otherwise.

BOARD'S REPORT

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of your Company comprises 8 (eight) Directors of which 3 (three) are Non-Executive Directors, 4 (four) are Non-Executive Independent Directors and 1 (one) is a Whole-Time Director. The Chairman is a Non-Executive Non-Independent Director. The Board composition is in compliance with the requirements of the Act, the Listing Regulations and the circulars / directions / notifications issued by the RBI ("RBI Directions"). Detailed composition of the Board of Directors has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Appointment and Cessation of Director(s)

Cessations:

During the year under review, Mr. Vimal Bhandari resigned from the office of Managing Director & CEO of the Company with effect from April 18, 2017. Mr. Bhandari continued to serve on the Board of the Company as a Non-Executive Director from May 1, 2017 to January 11, 2018.

The Board of Directors place on record their sincere appreciation for the able leadership, valuable contribution and guidance provided by Mr. Bhandari during his association with the Company towards building and shaping the Company in to a well-respected and highly profitable credit institution.

Further, during the year under review, following Directors resigned from the Board of the Company:

- Mr. Shailesh Shirali resigned as Whole-Time Director from January 29, 2018.
- Mr. L. Brooks Entwistle and Mr. Deepak Shahdadpuri resigned as Non-Executive Director(s) from January 29, 2018, respectively.
- Ms. Shweta Bhatia resigned as Non-Executive Director from February 5, 2018.
- Mr. Ravi Narain resigned as Non-Executive Independent Director from January 10, 2018.
- Mr. Eric Stuart Schwartz and Mr. D. Sivanandhan resigned as Non-Executive Independent Director(s) from February 5, 2018, respectively.

The Board of Directors appreciates the guidance provided by Mr. Shailesh Shirali, Mr. L. Brooks Entwistle, Mr. Deepak Shahdadpuri, Ms. Shweta Bhatia, Mr. Ravi Nairain, Mr. Eric Stuart Schwartz and Mr. D. Sivanandhan, during their tenure as Director(s) on the Board of the Company and expresses gratitude for their contribution towards the Company's growth and success.

Appointments:

Considering your Company's growth strategy to expand its retail lending segment and the rich experience and expertise of Mr. R. Sridhar in the financial services industry, on the recommendation of the Nomination & Remuneration Committee, the Board of Directors and the Shareholders of

the Company at their meetings held on April 18, 2017 and April 28, 2017, respectively, approved appointment of Mr. R. Sridhar as a Whole-Time Director designated as Executive Vice-Chairman & CEO of the Company for a period of 5 (five) years with effect from April 18, 2017.

During the year under review, Mr. Dhanpal Jhaveri, Non-Executive Director of the Company was appointed as the Chairman with effect from June 23, 2017.

Considering the resignation of the Directors and in compliance with the requirements of the Act, the Listing Regulations and the RBI Directions, and in order to strengthen the Board by inducting eminent persons having rich experience not only in the financial services industry but also other relevant fields, the Board of Directors, on the recommendation of the Nomination & Remuneration Committee and the Shareholders of the Company at their meetings held on February 5, 2018 and February 7, 2018, respectively, appointed Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy as Non-Executive Independent Director(s) on the Board of Directors of the Company, each for a term of 5 years with effect from February 5, 2018.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Dhanpal Jhaveri, Director being longest in office, shall retire by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting of the Company. A brief profile of Mr. Dhanpal Jhaveri has been included in the Notice convening the ensuing Annual General Meeting.

Director(s) Disclosures

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

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

Key Managerial Personnel

In terms of the Act, the following persons are the Key Managerial Personnel ("KMP") of the Company:

1. Mr. R. Sridhar - Executive Vice-Chairman & CEO;
2. Mr. Pankaj Thapar - Chief Financial Officer; and
3. Mr. Jitendra Bhati - Company Secretary & Compliance Officer

During the year under review following changes took place in the KMPs of the Company:

- Mr. Vimal Bhandari ceased to be a KMP of the Company pursuant to his resignation from the office of Managing Director & CEO of the Company with effect from April 18, 2017;
- Mr. R. Sridhar was designated as KMP of the Company pursuant to his appointment as Whole-Time Director designated as Executive Vice-Chairman & CEO of the Company with effect from April 18, 2017; and
- Mr. Shailesh Shirali ceased to be a KMP of the Company pursuant to his resignation from the office of Whole-Time Director of the Company with effect from January 29, 2018.

RBI DIRECTIONS

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the RBI as applicable to your Company as a systemically important non-deposit taking non-banking financial company.

Your Company has complied with the provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, with respect to the downstream investments made by it during the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

DEPOSITS

Your Company being a non-deposit taking non-banking financial company ("NBFC") has not accepted public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI and accordingly disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised in line with Company's Resource Planning Policy adopted by the Board of Directors for the financial year under review, through various modes including bank borrowings, issuance of non-convertible debentures on private placement basis and commercial paper.

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 1,040 crore as bank borrowings (outstanding as on March 31, 2018: ₹ 2,137.37 crore); (ii) ₹ 4,355 crore by issuance of commercial paper (outstanding as on March 31, 2018: ₹ 1,285 crore); and (iii) ₹ 392 crore through issuance of non-convertible debentures (outstanding as on March 31, 2018: ₹ 1,179.50 crore).

Applicable disclosures in terms of Regulation 34(3) and Regulation 53(f) of the Listing Regulations as on March 31, 2018 have been provided at **Annexure I** to this Board's Report.

Credit Rating(s)

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

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

BOARD'S REPORT

Debt Equity Ratio

Your Company's Debt: Equity ratio as on March 31, 2018 stood at 2.25:1.

Capital Adequacy Ratio

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2018, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 28.3% (Tier I Capital to Risk Assets Ratio was 28.0% and Tier II Capital to Risk Assets Ratio was 0.3%), well above the regulatory limit of 15% as prescribed by the RBI for non-banking financial companies.

Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2018 stood at ₹2,119.99 crore, a 13.2% increase over the previous year.

AUDITORS

Statutory Auditors & their Report

S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E / E300005, were appointed as the Statutory Auditors of the Company at the 6th Annual General Meeting of the Company held on September 30, 2015 to hold office for a period of 5 (five) years, from the conclusion of the said Annual General Meeting till the conclusion of the 11th Annual General Meeting of the Company, subject to ratification by Members at every annual general meeting and delegated the powers to the Board of Directors / Committee to fix their remuneration.

The Company has received a written consent from S. R. Batliboi & Co. LLP, Chartered Accountants, for appointment as Statutory Auditors of the Company for a period of 5 years and a certificate, that they are eligible and not disqualified from being appointed as Statutory Auditors, that their appointment would be in accordance with the conditions as may be prescribed in the Act and that they satisfy the criteria provided in Section 141 of the Act and the Companies (Audit and Auditors) Rules, 2014 for appointment of statutory auditors.

Members are requested to note that the Ministry of Corporate Affairs vide notification dated May 7, 2018, *inter-alia*, notified an amendment to Section 139(1) of the Act whereby the requirement of placing appointment of the statutory auditors for ratification by the members of a company at every annual general meeting has been omitted. Accordingly, subject to provisions of the Act, S. R. Batliboi & Co. LLP, Chartered Accountants hold office of Statutory Auditors of the Company till conclusion of the 11th Annual General Meeting of the Company.

S. R. Batliboi & Co. LLP, Statutory Auditors in their report(s) on the standalone audited financial statements and consolidated audited financial statements of your Company for the financial year ended March 31, 2018, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

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

Secretarial Auditors & their Report

In terms of Section 204 of the Act, the Board of Directors had appointed M Siroya and Company, Practicing Company Secretary, to undertake secretarial audit of the Company for the financial year ended March 31, 2018. The report of M Siroya and Company, Practicing Company Secretary in prescribed Form MR-3 is enclosed herewith at **Annexure II** to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2018 has not submitted any qualifications, reservations, adverse remarks or disclaimers.

Maintenance of cost records

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

REPORT ON CORPORATE GOVERNANCE

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

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

Meetings

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

Board Committees

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

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

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

PERFORMANCE EVALUATION

In terms of the provisions of the Act and the Listing Regulations, the Board of Directors adopted a Board Performance Evaluation Policy and detailed process for facilitating performance evaluation of the Board, as a collective entity, that of its Committee(s) and individual Directors including the Chairman.

In terms of the requirement of Schedule IV of the Act, a separate meeting of the Independent Directors was held on March 23, 2018 to review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity. Performance evaluation was carried out by way of obtaining feedback from the Independent Directors through a structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process.

Based on the questionnaire circulated and discussions at the Independent Directors meeting, the Independent Directors expressed satisfaction with the overall performance of the Board and Non-Independent Directors including the Chairman. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board based on various parameters viz. detailed information on business and support functions provided to the Board, action taken by management on suggestions / request by the Board / Committee(s) Members, in-depth discussions at the Board / Committee(s) Meetings and found it to be adequate enough to assist the Board / Committee(s) in performing its duties effectively and reasonably.

Subsequent to the year under review, the Nomination & Remuneration Committee evaluated the performance of the Directors and the Board evaluated the performance of the Directors, Committee(s) of the Board and the Board, as a collective entity, for the year under review. The Nomination & Remuneration Committee and the Board affirmed that the performance of the Board, Committee(s) of the Board and the Directors including the Chairman, during the year under review was satisfactory and adequate.

A statement indicating the manner in which formal evaluation of the Board, Committee(s) of the Board, individual Directors including the Chairman for the year under review was carried out, is provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 of the Act, the Listing Regulations and the RBI Directions, the Board of Directors adopted a Policy on Selection Criteria / "Fit & Proper" Person Criteria *inter-alia* setting out parameters to be considered for appointment of Directors and senior management personnel of the Company.

Details of the Policy on Selection Criteria/ "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

In terms of Section 178 of the Act and the Listing Regulations, the Board of Directors adopted a Remuneration Policy *inter-alia* setting out the criteria for deciding remuneration of Executive Directors, Non-Executive Directors, senior management and other employees of the Company.

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

Employee Remuneration

In terms of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, key managerial personnel and employees of the Company have been provided at **Annexure III** to this Board's Report.

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection by the Members at the Registered & Corporate Office of the Company during normal business hours on all working days. A copy of the statement may be obtained by the Members by writing to the Company Secretary at the Registered & Corporate Office of the Company.

The Board of Directors confirm that the remuneration paid to the Directors was as per the Remuneration Policy of the Company.

CEO & CFO CERTIFICATE

Compliance Certificate in terms of Regulation 17(8) of the Listing Regulations on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by the Executive Vice-Chairman & CEO and the Chief Financial Officer of the Company, for financial year ended March 31, 2018 is enclosed herewith at **Annexure IV** to this Board's Report.

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business and functions of the Company. Major risks identified by the business and functions, if any, are systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a Risk Framework and Policy which *inter-alia* integrates various elements of risk management into a unified enterprise-wide policy.

The Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your Company. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report.

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

BOARD'S REPORT

INTERNAL CONTROL/INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's well-defined organizational structure, documented policies, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal system / policies and applicable laws. The internal control system / policies of your Company is supplemented with internal audits, regular reviews by the management and checks by external auditors. The Audit Committee and the Board of Directors monitor the internal controls system / policies of your Company. The Risk Management Committee and the Audit Committee periodically review various risks associated with the business of the Company including fraud risk and risk mitigants, and ensure that they have an integrated view of risks faced by the Company. The Board of Directors are of a view that your Company's internal control systems are commensurate with the nature of its business, size and complexity of its operations.

To the best of our knowledge and belief, and according to the information and explanations obtained by us, and based on the report(s) of Statutory Auditors and submission(s) by Internal Auditors of the Company for the financial year under review, the 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 control systems 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 Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a Whistle Blower Policy/Vigil Mechanism *inter- alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company and provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

Details of the Whistle Blower Policy/Vigil Mechanism have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

In terms of Section 177 of the Act, transactions with related parties were placed before the Audit Committee for its approval. Omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval.

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

Disclosure of the related party transactions as required under Accounting Standard 18 are reported in Note 25 of the standalone audited financial statements of the Company for the financial year ended March 31, 2018.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the provisions of Section 186 in respect of loans made, guarantees given or securities provided by the Company are not applicable to the Company.

During the year under review, your Company has made investment in (i) equity share capital of IHFPL, as mentioned herein; (ii) bonds, debt instruments in terms of Investment Policy of the Company; and (iii) liquid securities including in units of mutual funds in terms of the Treasury Policy of the Company. For details of the non-current and current investments of the Company, please refer Note 10 and Note 15, respectively, of the standalone audited financial statements of the Company for the financial year ended March 31, 2018.

Details of Investment Policy and Treasury Policy are provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

EXTRACT OF ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at financial year ended March 31, 2018 in the prescribed Form MGT-9 has been provided at **Annexure VI** to this Board's Report and is also available on the website of the Company at <http://www.indostarcapital.com/investors.html#agm-wrap>.

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

Your Company believes that its success and ability to achieve objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivise employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented IndoStar ESOP Plan 2012 ("ESOP 2012"), IndoStar ESOP Plan 2016 ("ESOP 2016") and IndoStar ESOP Plan 2016-II ("ESOP 2016-II").

During the year under review, in light of Company's pace of growth, increase in business volume and business verticals / financial products of the Company / its subsidiaries, your Company adopted IndoStar ESOP Plan 2017 ("ESOP 2017") and IndoStar ESOP Plan 2018 ("ESOP 2018") to attract, retain, motivate and incentivise employees of the Company and its holding / subsidiaries.

During the year under review, ESOP 2012 was amended in order to align it with the statutory requirements of Section 62(1)(b) of the Act, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations") and other applicable laws.

The ESOP Plans of the Company are implemented and administered by the Nomination & Remuneration Committee.

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the Act and the SEBI ESOP Regulations. In terms of Regulation 13 of SEBI ESOP Regulations, the Statutory Auditors have certified that ESOP

Plans have been implemented in accordance with the SEBI ESOP Regulations and the respective resolutions passed in the general meeting(s) in this regard. The said certificate from Statutory Auditors shall be available for inspection at the ensuing 9th Annual General Meeting of the Company.

Disclosure with respect to the ESOP Plans in terms of Section 62 of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, have been provided at **Annexure VII** to this Board's Report.

Disclosures in terms of Regulation 14 of the SEBI ESOP Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the website of the Company at <http://www.indostarcapital.com/investors.html#agm-wrap>.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Consistent with its core values, your Company is committed to create an environment in which all individuals are treated with respect and dignity and promote a gender sensitive safe work environment. Accordingly, the Board of Directors adopted a Care and Dignity Policy and also constituted an Internal Complaints Committee, in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Considering geographic diversification throughout the country and increase in number of employees, during the year under review, the Board of Directors also constituted Regional Internal Complaints Committees for North, West and South regions.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company being an NBFC and engaged in the financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report. Your Company is vigilant on the need for conservation of energy.

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 0.50 crore (Previous year: ₹ 0.11 crore).

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

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

BOARD'S REPORT

DIRECTORS RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and 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 Act 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.

APPRECIATION AND ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the National Housing Bank, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, the Depositories, the BSE Limited, the National Stock Exchange of India Limited, Bankers, Financial Institutions, 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: August 10, 2018

Dhanpal Jhaveri
Chairman
DIN: 02018124

Annexure I

Disclosures pursuant to Regulation 34(3) and Regulation 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2018

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:	<ul style="list-style-type: none"> Loans and advances in the nature of loans to subsidiaries by name and amount 	--
	Indostar Capital, Mauritius	<ul style="list-style-type: none"> Loans and advances in the nature of loans to associates by name and amount 	N.A
		<ul style="list-style-type: none"> Loans and advances in the nature of loans to firms / companies in which Directors are interested by name and amount 	--
2	Subsidiary Company(ies):	<ul style="list-style-type: none"> Loans and advances in the nature of loans to parent by name and amount 	--
	IndoStar Asset Advisory Private Limited	<ul style="list-style-type: none"> Loans and advances in the nature of loans to associates by name and amount 	N.A
	IndoStar Home Finance Private Limited	<ul style="list-style-type: none"> 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	--

BOARD'S REPORT

Annexure II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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
CIN: L65100MH2009PLC268160
One Indiabulls Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai - 400013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2018. 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, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to relevant and applicable provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015; and
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009.
- (vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:
 - a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;
 - b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
 - c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
 - d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
 - e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
 - f. Master Direction - Information Technology Framework for the NBFC Sector;
 - g. Master Direction - Know Your Customer (KYC) Direction, 2016;
 - h. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and
 - i. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

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

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

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

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

- (i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) 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 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 in compliance with the provisions of the Act and Rules made thereunder and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- (i) On April 28, 2017, the members at the Extra-Ordinary General Meeting approved:
 - (a) Appointment of Mr. R. Sridhar as a Whole-Time Director designated as Executive Vice-Chairman and Chief Executive Officer of the Company w.e.f. April 18, 2017;
 - (b) Adoption of IndoStar ESOP Plan 2017 consisting of 20,00,000 (Twenty Lakh) stock options convertible into 20,00,000 (Twenty Lakh) equity shares of the Company (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) having face value of ₹ 10/- (Rupees Ten only) per equity share;
 - (c) Adoption of IndoStar ESOP Plan 2017 - Holding Company and / or Subsidiary Company(ies);
 - (d) Grant of stock options to Mr. R. Sridhar and Mr. Prashant Joshi, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant of option; and
 - (e) Issue of upto 3,17,500 (Three Lakh Seventeen Thousand Five Hundred) fully paid up equity shares of face value of ₹ 10/- (Rupees Ten only) per equity share, for cash, at a premium of ₹ 305/- (Rupees Three Hundred and Five only) per equity share on preferential basis.
- (ii) On September 29, 2017, the members at the Annual General Meeting, *inter-alia*, approved Issue of Non-Convertible Debentures under Private Placement, in one or more tranches, such that the aggregate principal amount of such NCDs does not exceed ₹ 3,000 crore (Rupees Three Thousand Crore only), during the period of one year from the date of passing the Resolution.
- (iii) On December 15, 2017, the members at the Extra-Ordinary General Meeting approved:
 - (a) Adoption of IndoStar ESOP Plan 2018 consisting of 60,00,000 (Sixty Lakh) stock options convertible into 60,00,000 (Sixty Lakh) equity shares of the Company (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) having face value of ₹ 10/- (Rupees Ten only) per equity share; and
 - (b) Adoption of IndoStar ESOP Plan 2018 - Holding Company and / or Subsidiary Company(ies).

BOARD'S REPORT

- (iv) On February 7, 2018, the members at the Extra-Ordinary General Meeting approved:
- Increase in the Authorised Share Capital from ₹90,00,00,000 (Rupees Ninety Crore only) to ₹110,00,00,000 (Rupees One Hundred and Ten Crore only) and consequent alteration to Clause V(a) of the Memorandum of Association of the Company;
 - Adoption of new set of Articles of Association;
 - Appointment of Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy as an Independent Director of the Company; and
 - Initial Public Offering of equity shares ("IPO") of the Company.
- (v) On February 5, 2018, the Board of Directors at their meeting *inter-alia* approved re-constitution of the Board of the Company.
- (vi) During the period under review, the Company has issued 487 (Four Hundred and Eighty Seven) Non-Convertible Debentures (NCDs), listed on the Wholesale Debt Marketing of BSE Limited aggregating to ₹487 crore under Private Placement, out of which ₹95 crore was received post March 31, 2018 by way of final call, on NCDs issued under Series XXII – Tranche A.
- (vii) During the period under review, the Company had redeemed 2340 (Two Thousand Three Hundred and Forty) NCDs of face value of ₹10 lakh each, aggregating to ₹234 crore and 90 (Ninety) NCDs of face value of ₹1 crore each, aggregating to ₹90 crore on their respective due dates.
- (viii) Details / Events of IPO upto March 31, 2018:
- On February 5, 2018 and February 9, 2018, the Board of Directors and the IPO Committee respectively at their meeting approved Draft Red Herring Prospectus and the same was filed with the Securities and Exchange Board of India, BSE and the National Stock Exchange of India Limited (NSE) on February 9, 2018; and
 - Company received in-principle approvals from the BSE & NSE for the listing of the equity shares pursuant to letters dated February 22, 2018 and February 28, 2018, respectively.

**For M Siroya and Company
Company Secretaries**

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

Place: Mumbai
Date: August 10, 2018

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
CIN: L65100MH2009PLC268160
One Indiabulls Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai - 400013.

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: Mumbai
Date: August 10, 2018

BOARD'S REPORT

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, 2018

Sr. No.	Requirement	Disclosures	
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 the Director	Ratio
		*Mr. R. Sridhar	363.20:1
		*Mr. Vimal Bhandari	23.14:1
		*Mr. Shailesh Shirali	494.04:1
		Mr. Bobby Parikh	10.24:1
		*Mr. Dinesh Kumar Mehrotra	2.56:1
		*Mr. Hemant Kaul	2.56:1
		*Ms. Naina Krishna Murthy	2.56:1
		*Mr. Ravi Narain	7.68:1
		*Mr. Eric Stuart Schwartz	7.68:1
		*Mr. D. Sivanandhan	7.68:1
		Mr. Dhanpal Jhaveri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		*Mr. L. Brooks Entwistle	NA
*Mr. Deepak Shahdadpuri	NA		
*Ms. Shweta Bhatia	NA		
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	Name of Director / CEO / CFO / CS	Percentage Increase in their remuneration during the financial year under review
		*Mr. R. Sridhar	NA
		*Mr. Vimal Bhandari	(93.05%)
		*Mr. Shailesh Shirali	0
		Mr. Bobby Parikh	11.11%
		*Mr. Dinesh Kumar Mehrotra	NA
		*Mr. Hemant Kaul	NA
		*Ms. Naina Krishna Murthy	NA
		*Mr. Ravi Narain	(16.67%)
		*Mr. Eric Stuart Schwartz	(16.67%)
		*Mr. D. Sivanandhan	(16.67%)
		Mr. Dhanpal Jhaveri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		*Mr. L. Brooks Entwistle	NA
		*Mr. Deepak Shahdadpuri	NA
		*Ms. Shweta Bhatia	NA
Mr. Pankaj Thapar (CFO)	(8.58%)		
Mr. Jitendra Bhati (CS)	26.54%		

Sr. No.	Requirement	Disclosure
3.	The percentage increase in the median remuneration of employees in the financial year	NA
4.	Number of permanent employees on the rolls of Company at the end of financial year	1,094
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	NA
6.	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.

***Note:**

Mr. R. Sridhar was appointed as Whole-Time Director designated as Executive Vice-Chairman & CEO from April 18, 2017.

Mr. Vimal Bhandari resigned as Managing Director & CEO from April 18, 2017; further Mr. Bhandari resigned as Non-Executive Director from January 11, 2018.

Mr. Shailesh Shirali resigned as Whole-Time Director from January 29, 2018.

Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy were appointed as Non-Executive Independent Director(s) from February 5, 2018, respectively.

Mr. Ravi Narain resigned as Non-Executive Independent Director from January 10, 2018.

Mr. Eric Stuart Schwartz and Mr. D. Sivanandhan resigned as Non-Executive Independent Director(s) from February 5, 2018, respectively.

Mr. L. Brooks Entwistle and Mr. Deepak Shahdadpuri resigned as Non-Executive Director(s) from January 29, 2018, respectively.

Ms. Shweta Bhatia resigned as Non-Executive Director from February 5, 2018.

Remuneration to Non-Executive Independent Directors includes Commission for the financial year 2017-18 paid in financial year 2018-19.

Sitting fees paid to Non-Executive Independent Directors has not been included for calculation of remuneration paid to them.

BOARD'S REPORT

Annexure IV**CEO and CFO Compliance Certificate**

To,
The Boards of Directors
IndoStar Capital Finance Limited

We, R. Sridhar, Executive Vice–Chairman & CEO and Pankaj Thapar, Chief Financial Officer, hereby certify that:

- a. we have reviewed the financial statements including the cash flow statement for the financial year ended March 31, 2018 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. to the best of our knowledge and belief, no transactions entered into by the Company during the year under review are fraudulent, illegal or violative of the Company's code of conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting, and there have been no deficiencies in the design or operation of such internal controls, of which we are aware.
- d. we have indicated to the Auditors and Audit Committee:
 - (i) significant changes, if any, in internal control over financial reporting during the year under review;
 - (ii) significant changes, if any, in accounting policies during the year under review requiring disclosure in the notes to the financial statements of the Company; and
 - (iii) instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 30, 2018

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

Pankaj Thapar
Chief Financial Officer

Annexure V

Annual Report on Corporate Social Responsibility (CSR) Activities

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 the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a CSR Policy which helps towards contribution and 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. The CSR Policy *inter-alia* includes the following:

- Areas / Categories 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;
- CSR Budget of the Company;
- Implementation process;
- Role and Responsibility of the Board and CSR Committee;
- Monitoring and Reporting framework.

The CSR Policy adopted by your Company is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

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

Promoting Education

a. Avasara Leadership Institute – Avasara Academy / Avasara Leadership Fellows

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

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

During the year under review, the Company contributed an amount of ₹ 0.35 crore to ALI for its program Avasara Academy. Your Company's contribution was utilised to support 10 students from the 9th and 10th grade.

Avasara Leadership Fellows (“ALF”): The ALF Program is a selective, intensive after-school enrichment program for girl students from 7th to 9th grade. All ALF girl students come from low-income backgrounds. The ALF aims at providing a range of opportunities and experiences to develop personal leadership style of girl students and achieve academic excellence.

During the year under review, your Company contributed an amount of ₹ 0.20 crore to ALI for its program ALF. Your Company's contribution was utilised to support 75 students from the 8th and 9th grade.

Your Company proposes to continue its support to ALI for its programs Avasara Academy and ALF, during financial year 2018-19.

b. Pratham Mumbai Education Initiative

During the year under review, your Company continued its support to Pratham Mumbai Education Initiative (“Pratham”) established in the year 1994 with the aim of providing a holistic approach to enhance education for children in the slums. Pratham works across different domains in education in India – pre-school, primary, upper primary, secondary and vocational sectors. Pratham aims at improving children's learning levels, help them to sustain in school and address the issues of child vulnerability through child right sessions and developing a mechanism to reach out to such kids.

During the year under review, your Company contributed an amount of ₹ 0.54 crore to Pratham. Pratham reached out to around 4,000 unique children and 1,688 parents by its planned educational interventions through your Company's support.

Your Company proposes to continue its support to Pratham during financial year 2018-19.

c. Punyabhushan Foundation - Password Campaign

Punyabhushan Foundation was established in 1989 and got formally registered as a Trust in 1999, to undertake social, educational and cultural activities, programs and projects to create awareness among youngsters and sensitize them on various social, educational and cultural issues of Pune city as well as Maharashtra state. It was established with a mission to promote and conserve rich traditions and heritage of Pune city through various social, educational, cultural & environmental activities & projects.

Your Company supported the Password Campaign of Punyabhushan Foundation which aims at enhancing reading and learning skills and competencies of school children with focus on students of 5th to 9th grade. Password is a magazine which contains interactive inspiring stories contributed by renowned scientists, social workers and prominent personalities of national repute. The overall contents of Password helps students to develop learning skills, thinking ability and competencies to develop innovative thinking and communication skills.

BOARD'S REPORT

During the year under review, your Company contributed an amount of ₹ 0.06 crore to Punyabhushan Foundation for its Password Campaign. Punyabhushan Foundation issued 3,000 copies of password educational magazine through your Company's support.

d. Parivaar Education Society

Parivaar Education Society ("Parivaar") – a humanitarian service organization, based in 24 Parganas, West Bengal and is chiefly working for total care and overall development of children from categories like orphans, girl children highly vulnerable to exploitation, victimization and trafficking, street children, abandoned children, extremely impoverished children from tribal areas and other such highly vulnerable children in the area of West Bengal, Ranchi, Jharkhand. It has also started its activities in certain areas of Madhya Pradesh.

During the year under review, your Company contributed an amount of ₹ 0.25 crore to Parivaar Education Society.

Empowering Women**e. Population First - Action for Mobilization of Community Health Initiatives**

Population First was founded in March 2002 and runs two programs called Action for Mobilization of Community Health Initiatives ("AMCHI") and LAADLI. During the year under review, your Company continued to support Population First's Program – AMCHI.

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

- Economic empowerment of women through livelihood initiatives through vermi-composting;
- School in development program - Creating change agents in the society to spread awareness about sanitation in the society.

During the year under review, your Company contributed an amount of ₹ 0.17 crore to Population First towards its program - AMCHI.

Your Company proposes to continue its support to Population First for its Program AMCHI during financial year 2018-19.

f. Sanmitra - Narishakti Skilling Program

Sanmitra originally began work on HIV / AIDS in 2002 and they have been able to control the AIDS epidemic in the slums of Malwani in Malad. It was incorporated by Ms. Prabha Desai, retired Vice Principal of Patkar College, Goregaon. She devoted her life to provide empowerment to sex workers, bar girls, transgender, seropositive women and children who are victims of

stigma and discrimination. Sanmitra was awarded with the best performance trophy from Bill and Melinda Gates Foundation in 2010.

Your Company extended support to Narishakti Skilling Program of Sanmitra, which organizes courses with the aim of developing skills among women to get them absorbed in the main stream labour force. This results in their empowerment, confidence boosting and resistance to violence at domestic and social spaces. These courses are supplemented with life skill education, personality development sessions, knowledge of sex and sexuality and manners, etiquettes and ability to work among groups.

During the year under review, your Company contributed an amount of ₹ 0.02 crore to Sanmitra for its Narishakti Skilling Program. Your Company's contribution was utilised for training 170 women.

Your Company proposes to continue its support to Sanmitra during financial year 2018-19.

Sanitation and Water**g. Centre for Environmental Research and Education ("CERE")**

Your Company continued its support to CERE, a Mumbai-based NGO during the year under review. CERE works to promote environmental sustainability through research, innovation, formal education, government and corporate partnerships and publications.

CERE in association with your Company has set-up a rainwater harvesting project at Naigaon Police headquarter near Dadar. This will facilitate access to clean drinking water and augment the present supply of water to 2,335 families at Naigaon Police headquarter.

During the year under review, your Company contributed an amount of ₹ 0.21 crore to CERE water conservation project at Naigaon, Mumbai.

h. Shelter Associates - One Home One Toilet

Shelter Associates, established in 1993, through its programme 'One Home One Toilet' aims at positively influencing hygiene behaviour by providing toilet building materials to houses in Ambedkar Nagar, Pune.

During the year under review, the Company contributed an amount of ₹ 0.01 crore to Shelter Associates towards its program - One Home One Toilet, as part of its approved expenditure for the financial year 2016-17.

2. Composition of the CSR Committee:

Name of the Director	Category	Status
Mr. Dinesh Kumar Mehrotra	Non-Executive Independent Director	Chairman
Mr. Dhanpal Jhaveri	Non-Executive Director	Member
Mr. R. Sridhar	Executive Director	Member
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Member

3. Average net profit of the Company for the last three financial years prior to financial year ended March 31, 2018: ₹ 279.60 crore calculated as per Section 198 of the Companies Act, 2013.

4. Prescribed CSR Expenditure (2% of ₹ 279.60 crore): ₹ 5.59 crore

5. Details of CSR spent during the financial year:

Particulars	₹ in crore
a. Total amount to be spent for the financial year ended March 31, 2018	5.59
b. Amount unspent	3.79

c. Manner in which the amount spent during the financial year under review 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.a.	Avasara Academy	Promoting education among children / women, empowering women and enhancing women employment	Other – Pune, Maharashtra	₹ 55 lacs	₹ 35 lacs Direct on project / program	₹ 103.72 lacs (FY 2015-16: ₹ 50 lacs; FY 2016-17: ₹ 18.72 lacs; FY 2017-18: ₹ 35 lacs)	Implementing Agency – Avasara Leadership Institute, a Company registered under Section 25 of the Companies Act, 1956 (Not for Profit Company)
1.b.	Avasara Leadership Fellows	Promoting education among children	Local Area – Mumbai, Maharashtra		₹ 20 lacs Direct on project / program	₹ 51.28 lacs (FY 2016-17: ₹ 31.28 lacs; FY 2017-18: ₹ 20 lacs)	
2.	Pratham Mumbai Education Initiative	Promoting education among children	Local Area – Mumbai, Maharashtra	₹ 54 lacs	₹ 53.51 lacs	₹ 112.26 lacs (FY 2016-17: 58.75 lacs; FY 2017-18: ₹ 53.51 lacs)	Implementing Agency – Pratham Mumbai Education Initiative - a non-governmental organization registered under the Bombay Public Trust Act, 1950
3	Password Campaign	Promoting education among children	Other – Pune, Solapur, Ahmednagar, Maharashtra	₹ 6 lacs	₹ 6 lacs	₹ 6 lacs	Implementing Agency - Punyabhushan Foundation - a trust registered under the Bombay Public Trust Act, 1950.
4	Parivaar Education Society	Promoting education among children	Other – West Bengal	₹ 25 lacs	₹ 25 lacs	₹ 25 lacs	Implementing Agency – Parivaar Education Society, registered under the West Bengal Societies Registration Act XXVI of 1961.

BOARD'S REPORT

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
5.	Action for Mobilization of Community Health Initiatives	Promoting gender equality, empowering women and enhancing women employment	Other – Thane, Maharashtra	₹ 18 lacs	₹ 17.26 lacs	₹ 41.07 lacs (FY 2016-17: 23.81 lacs; FY 2017-18: ₹ 17.26 lacs)	Implementing Agency – Population First, a trust registered under the Bombay Public Trust Act, 1950.
6	Narishakti Skilling Program	Promoting gender equality, empowering women and enhancing women employment	Local – Mumbai, Maharashtra	₹ 1.76 lacs	₹ 1.70 lacs	₹ 1.70 lacs	Implementing Agency – Sanmitra, Trust - a trust registered under the Bombay Public Trust Act, 1950
7.	Centre for Environmental Research and Education ("CERE")	Sanitation and water conservation	Local Area – Mumbai, Maharashtra	₹ 22 lacs	₹ 21.24 lacs	₹ 31.24 lacs (FY 2016-17: ₹ 10 lacs; FY 2017-18: ₹ 21.24 lacs)	Implementing Agency – CERE, a trust registered under the Bombay Public Trust Act, 1950.
8.	One Home One Toilet	Promotion of sanitation	Other - Pune, Maharashtra	-	₹ 1.12 lacs	₹ 22.46 lacs (FY 2016-17: ₹ 21.34 lacs; FY 2017-18: ₹ 1.12 lacs for FY 2016-17)	Implementing Agency - Shelter Associates - a trust & a society registered under the Bombay Public Trust Act, 1950.

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 Board's Report:

Your Company exercises prudence in selecting projects and implementation partners for fulfilling its CSR objectives. The Company had for the financial year 2017-18, evaluated and identified projects / programs / organisations for CSR expenditure. However, the fund requirement of the evaluated and identified projects / programs / organisations was tied up 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 maximum impact to the 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.

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

Dinesh Kumar Mehrotra
(Chairman – CSR Committee)
DIN: 00142711

Annexure VI

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018**

[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	*L65100MH2009PLC268160
Registration Date	July 21, 2009
Name of the Company	IndoStar Capital Finance Limited
Category / Sub-Category of the Company	Public Company Limited by shares, Non-Government Company
Address of the Registered Office and contact details	One Indiabulls Center, 20 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013 Telephone: +91 22 43157000 Fax: +91 22 43157010 Email id: investor.relations@indostarcapital.com
Whether listed company (Yes / No)	Yes (Non-Convertible Debentures listed on the BSE Limited) Equity Shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited with effect from May 21, 2018.
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in

**As on March 31, 2018, the CIN of the Company was U65100MH2009PLC268160. However, upon listing of the equity shares of the Company, the CIN was changed to L65100MH2009PLC268160.*

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are given below:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Non-Banking Financial Company 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 3 rd Floor, Standard Chartered Tower, Bank Street, 19 Cybercity, Ebene 72201, Mauritius	098649 C1/GBL	Holding Company	90.37%	Section 2(46)
2.	IndoStar Asset Advisory Private Limited One Indiabulls Center, 20 th 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, 20 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013	U65990MH2016PTC271587	Subsidiary Company	100%	Section 2(87)(ii)

BOARD'S REPORT

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 and Promoter Group									
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.	7,22,37,635	--	7,22,37,635	92.19	7,22,37,635	--	7,22,37,635	91.81	(0.38)
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	7,22,37,635	--	7,22,37,635	92.19	7,22,37,635	--	7,22,37,635	91.81	(0.38)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	7,22,37,635	--	7,22,37,635	92.19	7,22,37,635	--	7,22,37,635	91.81	(0.38)
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	--	22,65,000	22,65,000	2.89	--	22,65,000	22,65,000	2.88	(0.01)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	580	9,070	9,650	0.01	580	9,070	9,650	0.01	--
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	19,33,600	19,15,914	38,49,514	4.91	35,45,671	6,21,303	41,66,974	5.30	0.39
c) Others	--	--	--	--	--	--	--	--	--
Sub-total (B)(2):-	19,34,180	41,89,984	61,24,164	7.81	35,46,251	28,95,373	64,41,624	8.19	0.38
Total Public Shareholding (B)=(B)(1)+(B)(2)	19,34,180	41,89,984	61,24,164	7.81	35,46,251	28,95,373	64,41,624	8.19	0.38
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	7,41,71,815	41,89,984	7,83,61,799	100.00	7,57,83,886	28,95,373	7,86,79,259	100.00	--

ii) Shareholding of Promoters and Promoter Group:

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	7,11,02,635	90.74	0	7,11,02,635	90.37	0	(0.37)
2	Everstone Capital Partners II LLC (Promoter Group)	11,35,000	1.45	0	11,35,000	1.44	0	(0.01)
	Total	7,22,37,635	92.19	0	7,22,37,635	91.81	0	(0.38)

iii) Change in Promoters and Promoter Group's 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	7,11,02,635	90.74	7,11,02,635	90.74
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	7,11,02,635	90.37 [^]	7,11,02,635	90.37
Everstone Capital Partners II LLC (Promoter Group)	At the beginning of the year	11,35,000	1.45	11,35,000	1.45
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	11,35,000	1.44 [^]	11,35,000	1.44

[^] Due to issue and allotment of 3,17,460 equity shares during the year under review, the percentage of equity shares held to total equity shares of the Company as at the end of the year under review, will not match with the respective percentage of the equity shares held to total equity shares of the Company at the beginning of the year.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, Promoter Group 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
Mission Street Pte. Limited	At the beginning of the year	22,65,000	2.89	22,65,000	2.89
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	22,65,000	2.88 [^]	22,65,000	2.88
Ms. Laxmi Shivanand Mankekar, jointly with Mr. Shivanand Shankar Mankekar, jointly with Mr. Kedar Shivanand Mankekar	At the beginning of the year	16,66,600	2.13	16,66,600	2.13
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	16,66,600	2.12 [^]	16,66,600	2.12
Mr. Sandeep Baid	At the beginning of the year	7,50,000	0.96	7,50,000	0.96
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	7,50,000	0.95 [^]	7,50,000	0.95
*Mr. Vimal Bhandari	At the beginning of the year	4,31,458	0.55	4,31,458	0.55
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	4,31,458	0.55 [^]	4,31,458	0.55
Mr. Prashant Joshi	At the beginning of the year	2,70,000	0.34	2,70,000	0.34
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	2,70,000	0.34 [^]	2,70,000	0.34
©Mr. Shailesh Shirali	At the beginning of the year	2,63,615	0.34	2,63,615	0.34
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	2,63,615	0.34 [^]	2,63,615	0.34
Mr. Saurabh Agarwal, jointly with Mr. Sandeep Baid	At the beginning of the year	1,40,000	0.18	1,40,000	0.18
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	1,40,000	0.18 [^]	1,40,000	0.18
Mr. Vivek Agarwall	At the beginning of the year	1,18,741	0.15	1,18,741	0.15
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	1,18,741	0.15 [^]	1,18,741	0.15
Mr. Manoj Ajmera, jointly with Mr. Bandish Ajmera, jointly with Mr. Sandeep Baid	At the beginning of the year	80,000	0.10	80,000	0.10
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	80,000	0.10 [^]	80,000	0.10
Mr. Jayant Gunjal	At the beginning of the year	48,257	0.06	48,257	0.06
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	48,257	0.06 [^]	48,257	0.06
Ms. Suman Gandhi, jointly with Mr. Omprakash Gandhi, jointly with Mr. Sandeep Baid	At the beginning of the year	47,000	0.06	47,000	0.06
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	47,000	0.06 [^]	47,000	0.06
Mr. Pankaj Thapar	At the beginning of the year	33,843	0.04	33,843	0.04
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	33,843	0.04 [^]	33,843	0.04

*Mr. Vimal Bhandari resigned as a Non-Executive Director from January 11, 2018.

©Mr. Shailesh Shirali resigned as a Whole-Time Director from January 29, 2018.

[^] Due to issue and allotment of 3,17,460 equity shares during the year under review, the percentage of equity shares held to total equity shares of the Company as at the end of the year under review, will not match with the respective percentage of the equity shares held to total equity shares of the Company at the beginning of the year.

BOARD'S REPORT

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. R. Sridhar (Executive Vice-Chairman & CEO)	At the beginning of the year	0	-	0	-
	Purchase during the year - May 8, 2017	3,17,460	0.40	3,17,460	0.40
	At the end of the year	3,17,460	0.40	3,17,460	0.40
*Mr. Shailesh Shirali (Whole-Time Director)	At the beginning of the year	2,63,615	0.34	2,63,615	0.34
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	2,63,615	0.34 [^]	2,63,615	0.34
®Mr. Vimal Bhandari (Non-Executive Director)	At the beginning of the year	4,31,458	0.55	4,31,458	0.55
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	4,31,458	0.55 [^]	4,31,458	0.55
Mr. Pankaj Thapar (Chief Financial Officer)	At the beginning of the year	33,843	0.04	33,843	0.04
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	33,843	0.04 [^]	33,843	0.04
Mr. Jitendra Bhati (Company Secretary)	At the beginning of the year	10	0.00	10	0.00
	Date wise Increase / Decrease in Shareholding during the year	No sale or purchase of equity shares during the year			
	At the end of the year	10	0.00 [^]	10	0.00

*Mr. Shailesh Shirali resigned as a Whole-Time Director from January 29, 2018.

®Mr. Vimal Bhandari resigned as Non-Executive Director from January 11, 2018.

Note:

(i) Mr. Dhanpal Jhaveri, Mr. Sameer Sain, Mr. Alok Oberoi and Mr. Bobby Parikh, Directors of the Company, did not hold any shares at the beginning and at the end of the year under review.

(ii) Mr. L. Brooks Entwistle, Mr. Deepak Shahdadpuri, Ms. Shweta Bhatia, Mr. Ravi Narain, Mr. D. Sivanandhan and Mr. Eric Stuart Schwartz, Directors of the Company who resigned during the year under review, did not hold any shares at the beginning of the year under review and at their respective date of resignation.

(iii) Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy, appointed as Directors of the Company from February 5, 2018, did not hold any shares at the time of their appointment and at the end of the year under review.

V. Indebtedness

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

(₹ in lacs)

	Secured Loans excluding Deposits	*Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	2,68,149.11	70,500.00	0	338,649.11
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	7,615.03	0	0	7,615.03
Total (i+ii+iii)	2,75,764.14	70,500.00	0	3,46,264.14
Change in Indebtedness during the financial year				
• Addition	1,83,018.93	1,02,838.36	0	2,85,857.29
• Reduction	(1,05,250.98)	(36,000.00)	0	(1,41,250.98)
Net Change	77,767.96	66,838.36	0	1,44,606.32
Indebtedness at the end of the financial year				
(i) Principal Amount	3,47,464.37	1,37,338.36	0	4,84,802.73
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	6,067.73	0	0	6,067.73
Total (i+ii+iii)	3,53,532.10	1,37,338.36	0	4,90,870.46

* includes Commercial Paper.

VI. Remuneration of Directors and Key Managerial Personnel

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

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of MD / WTD			Total Amount
		Mr. R. Sridhar (Executive Vice-Chairman & CEO)	@Mr. Shailesh Shirali (WTD)	*Mr. Vimal Bhandari (MD and CEO)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	326.43	471.76	35.31	833.50
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.17	--	--	0.17
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	--	--	--	--
2	Stock Option	--	--	--	--
3	Sweat Equity	--	--	--	--
4	Commission				
	- as % of profit	--	--	--	--
	- others, specify				
5	Others (Reimbursements)	2.83	--	0.01	2.84
	Total (A)	329.43	471.76	35.32	836.51
	Ceiling as per the Companies Act, 2013	₹ 3,608.99 lacs as on financial year ended March 31, 2018 (Being 10% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)			

*Mr. Shailesh Shirali resigned as Whole-Time Director from January 29, 2018.

*Mr. Vimal Bhandari resigned as Managing Director & CEO from April 18, 2017.

B. Remuneration to other Directors:

Independent Directors

(₹ in lacs)

Particulars of Remuneration	Name of Directors							Total Amount
	Mr. Bobby Parikh	*Mr. Ravi Narain	*Mr. Eric Stuart Schwartz	*Mr. D. Sivanandhan	*Mr. Dinesh Kumar Mehrotra	*Mr. Hemant Kaul	*Ms. Naina Krishna Murthy	
Fee for attending board / committee meetings	@6.55	6.05	1.00	4.55	1.00	1.00	1.00	21.15
#Commission	10.00	7.50	7.50	7.50	2.50	2.50	2.50	40.00
Others, please specify	--	--	--	--	--	--	--	--
Total (1)	16.55	13.55	8.50	12.05	3.50	3.50	3.50	61.15

*Note:

Mr. Ravi Narain resigned as Non-Executive Independent Director from January 10, 2018.

Mr. Eric Stuart Schwartz and Mr. D. Sivanandhan resigned as Non-Executive Independent Director(s) from February 5, 2018, respectively.

Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy were appointed as Non-Executive Independent Director(s) from February 5, 2018, respectively.

@Sitting Fee of ₹ 0.25 lacs for the meeting attended in financial year 2017-18 was paid in financial year 2018-19.

#Commission for the financial year 2017-18 paid during the financial year 2018-19.

BOARD'S REPORT

Other Non-Executive Directors

Particulars of Remuneration	Name of Directors						Total Amount
	Mr. Dhanpal Jhaveri	Mr. Sameer Sain	Mr. Alok Oberoi	*Mr. L. Brooks Entwistle	*Mr. Deepak Shahdadpuri	*Ms. Shweta Bhatia	
Fee for attending board / committee meetings	--	--	--	--	--	--	--
Commission	--	--	--	--	--	--	--
Others, please specify	--	--	--	--	--	--	--
Total (2)	--	--	--	--	--	--	--
Total (B)=(1+2)							61.15
Ceiling as per the Act	₹ 360.90 lacs as on financial year ended March 31, 2018 (Being 1% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)						
Total Managerial Remuneration (A+B)							897.66
Overall Ceiling as per the Companies Act, 2013	₹ 3,969.89 lacs as on financial year ended March 31, 2018 (Being 11% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013)						

*Note:

Mr. L. Brooks Entwistle and Mr. Deepak Shahdadpuri resigned as Non-Executive Director(s) from January 29, 2018, respectively.

Ms. Shweta Bhatia resigned as Non-Executive Director from February 5, 2018.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		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	264.10	98.46	362.56
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	--	--	--
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission			
	- as % of profit	--	--	--
	- others, specify			
5	Others (Reimbursements)	0.47	0.46	0.93
	Total Amount	264.57	98.92	363.49

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act, 2013	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 VII

Disclosures under the IndoStar ESOP Plan 2012 (ESOP 2012), IndoStar ESOP Plan 2016 (ESOP 2016), IndoStar ESOP Plan 2016 – II (ESOP 2016 – II), IndoStar ESOP Plan 2017 (ESOP 2017) and IndoStar ESOP Plan 2018 (ESOP 2018) pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on financial year ended March 31, 2018:

Particulars	ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018
Number of options granted	16,08,754	30,17,036	30,19,000	19,98,500	15,48,500
Number of options vested	10,61,954	22,39,777	2,73,700	0	0
Number of options exercised	4,070	0	0	0	0
Total number of shares arising as a result of exercise of options	4,070	0	0	0	0
Number of options lapsed / cancelled	1,09,390	3,17,259	26,000	7,500	17,000
Exercise Price of the options exercised in ₹ / per equity share	₹ 140 for 3,400 options				
	₹ 145 for 200 options	NA	NA	NA	NA
	₹ 149.37 for 470 options				
Variation of terms of options	NA	NA	NA	NA	NA
Money realised by the exercise of options	₹ 5.75 lacs	NA	NA	NA	NA
Total number of options in force	14,95,294	26,99,777	29,93,000	19,91,000	15,31,500

BOARD'S REPORT

- Details of options granted to Key Managerial Personnel:

Sr. No.	Name	Designation	Options granted during the year ended March 31, 2018					Options in force as on March 31, 2018				
			ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018	ESOP 2012	ESOP 2016	ESOP 2016 - II	ESOP 2017	ESOP 2018
1.	*Mr. Vimal Bhandari	Managing Director & CEO	--	--	--	--	--	8,61,511	--	--	--	--
2.	@Mr. Shailesh Shirali	Whole-Time Director	--	--	--	--	--	50,000	17,10,777	--	--	--
3.	Mr. Pankaj Thapar	Chief Financial Officer	--	--	--	--	--	1,92,000	5,00,000	--	--	--
4.	Mr. Jitendra Bhati	Company Secretary	--	--	--	--	--	4,990	--	60,000	--	--
5.	Mr. R. Sridhar	Executive Vice-Chairman & CEO	--	--	--	14,28,500	9,83,000	--	--	--	14,28,500	9,83,000

*Mr. Vimal Bhandari resigned as Managing Director & CEO from April 18, 2017; futher Mr. Bhandari resigned as Non-Executive Directors from January 11, 2018.

@Mr. Shailesh Shirali resigned as Whole-Time Director from January 29, 2018.

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

Sr. No.	Name of Employee	Number of options granted under ESOP 2012	Number of options granted under ESOP 2016	Number of options granted under ESOP 2016 - II	Number of options granted under ESOP 2017	Number of options granted under ESOP 2018
Financial year 2012 - 13 - Total options granted:		3,23,000	NA	NA	NA	NA
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	NA	NA	NA	NA
1.	Mr. Ravi Narain	10,000	--	--	--	--
Financial year 2014 - 15 - Total options granted		6,66,000	NA	NA	NA	NA
1.	Mr. Vimal Bhandari	300,000	--	--	--	--
2.	Mr. Pankaj Thapar	150,000	--	--	--	--
3.	Mr. Shailesh Shirali	50,000	--	--	--	--
Financial year 2015-16 - Total options granted		NIL	NA	NA	NA	NA

Sr. No.	Name of Employee	Number of options granted under ESOP 2012	Number of options granted under ESOP 2016	Number of options granted under ESOP 2016 - II	Number of options granted under ESOP 2017	Number of options granted under ESOP 2018
Financial year 2016-17 - Total options granted		6,02,254	26,88,036	27,57,000	NA	NA
1.	Mr. Vimal Bhandari	4,85,511	--	--	--	--
2.	Mr. Jayant Gunjal	1,16,743	--	2,00,000	--	--
3.	Mr. Shailesh Shirali	--	17,10,777	--	--	--
4.	Mr. Pankaj Thapar	--	5,00,000	--	--	--
5.	Mr. Prashant Joshi	--	--	9,67,000	--	--
6.	Mr. Deepak Bakliwal	--	--	5,00,000	--	--
Financial year 2017-18 - Total options granted		7,500	3,29,000	2,62,000	19,98,500	15,48,500
1.	Mr. R. Sridhar	--	--	--	14,28,500	9,83,000

- 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:

Sr. No.	Name of Employee	Options granted under ESOP 2016	Options granted under ESOP 2016 - II	Options granted under ESOP 2017	Options granted under ESOP 2018
Financial year 2016-17					
1.	Mr. Shailesh Shirali	17,10,777	--	--	--
2.	Mr. Prashant Joshi	--	9,67,000	--	--
Financial year 2017-18					
3.	Mr. R. Sridhar	--	--	14,28,500	9,83,000

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

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

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

The Board of your Company comprises 8 Directors of which 3 are Non-Executive Directors, 4 are Non-Executive Independent Directors and 1 is a Whole-Time Director. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions"), and the Articles of Association of the Company. The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. Brief profiles of the Directors is available on the Company's website at <http://www.indostarcapital.com/board-of-directors.html> and also forms part of this Annual Report. None of the Directors of your Company are inter-se related to each other. Non-Executive Directors do not hold any equity shares of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

The composition of the Board of Directors, including number of other directorship(s), committee membership(s) and chairmanship(s) held by each Director on the Board of your Company, as on March 31, 2018, are given below:

Name of Director	Category	*Number of Directorship(s) in other Companies	**Number of Committee Membership(s) in other Companies	** Number of Committee Chairmanship(s) in other Companies
Mr. Dhanpal Jhaveri (Chairman)	Non-Executive Director	15	1	0
Mr. R. Sridhar (Executive Vice-Chairman & CEO)	Executive Director	2	0	0
Mr. Sameer Sain	Non-Executive Director	2	1	0
Mr. Alok Oberoi	Non-Executive Director	0	0	0
Mr. Bobby Parikh	Non-Executive Independent Director	8	1	3
Mr. Dinesh Kumar Mehrotra	Non-Executive Independent Director	9	4	2
Mr. Hemant Kaul	Non-Executive Independent Director	8	2	1
Ms. Naina Krishna Murthy	Non-Executive Independent Director	2	1	0

* Includes directorship(s) in public companies and private companies, but does not include directorship(s) in foreign companies.

**Includes membership(s) and chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee in all public limited companies. Membership and Chairmanship in a Committee are counted only once i.e. if a Director is a Chairman in a Committee, he/she is not counted as Member separately.

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

BOARD AND COMMITTEE MEETINGS

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure their highest participation at Board / Committee 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 / Members. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused

discussions at meetings of the Board and Committees. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee meetings application where the agenda and all supporting documents are hosted online.

BOARD

During the year under review, 7 (seven) meetings of the Board of Directors were convened and held on April 18, 2017, May 12, 2017, June 23, 2017, September 28, 2017, November 9, 2017, December 12, 2017 and February 5, 2018. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting (“AGM”) of the Company held during financial year ended March 31, 2018 is given below:

Name of the Directors	**No. of Meetings attended	Attendance at the previous AGM
Mr. Dhanpal Jhaveri	7	Yes
*Mr. R. Sridhar	7	Yes
Mr. Sameer Sain	3	No
Mr. Alok Oberoi	4	No
Mr. Bobby Parikh	5	Yes
*Mr. Dinesh Kumar Mehrotra	1	-
*Mr. Hemant Kaul	1	-
*Ms. Naina Krishna Murthy	1	-
*Mr. L. Brooks Entwistle	1	No
*Mr. Deepak Shahdadpuri	2	No
*Ms. Shweta Bhatia	6	No
*Mr. Ravi Narain	6	No
*Mr. Eric Stuart Schwartz	1	No
*Mr. D. Sivanandhan	5	No
*Mr. Vimal Bhandari	5	No
*Mr. Shailesh Shirali	5	Yes

*Note:

Mr. R. Sridhar was appointed as Whole-Time Director designated as Executive Vice-Chairman & CEO from April 18, 2017.

Mr. Vimal Bhandari resigned as Managing Director & CEO from April 18, 2017; further Mr. Bhandari resigned as Non-Executive Director from January 11, 2018.

Mr. Shailesh Shirali resigned as Whole-Time Director from January 29, 2018.

Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul and Ms. Naina Krishna Murthy were appointed as Non-Executive Independent Director(s) from February 5, 2018, respectively.

Mr. L. Brooks Entwistle and Mr. Deepak Shahdadpuri resigned as Non-Executive Director(s) from January 29, 2018, respectively.

Ms. Shweta Bhatia resigned as Non-Executive Director from February 5, 2018.

Mr. Ravi Narain resigned as Non-Executive Independent Director from January 10, 2018.

Mr. Eric Stuart Schwartz and Mr. D. Sivanandhan resigned as Non-Executive Independent Director(s) from February 5, 2018, respectively.

*Directors also participate in Board meeting(s) through tele-conference mode; attendance through such mode is not included above.

INDEPENDENT DIRECTORS MEETING

In terms of Schedule IV of the Act, a meeting of the Non-Executive Independent Directors was held on March 23, 2018 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the Meeting.

At their meeting, the Independent Directors evaluated and assessed the performance of the Non-Executive Non-Independent Directors, the Executive Directors, the Chairman and the Board, as a collective entity. The Independent Directors also reviewed the quality, quantity, content and timeliness of the flow of information between the management and the Board / Committees, which was necessary for the Board / Committee Members to perform their duties effectively.

BOARD COMMITTEES

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by the Securities and Exchange Board of India (“SEBI”), the applicable provisions of the Act and the Company’s internal corporate governance standards, the Board of Directors have constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective business operations and governance of the Company.

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

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Sameer Sain, Mr. Dhanpal Jhaveri and Mr. R. Sridhar.

During the year under review, the Credit Committee met 4 (four) times on June 23, 2017, September 28, 2017, November 9, 2017 and March 15, 2018. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	**No. of Meetings attended
Mr. Sameer Sain	Chairman	1
Mr. Dhanpal Jhaveri	Member	4
*Mr. R. Sridhar	Member	1
@Mr. L. Brooks Entwistle	Member	0
#Ms. Shweta Bhatia	Member	3

*Appointed as a Member from February 5, 2018.

@Ceased to be a Member from January 29, 2018.

#Ceased to be a Member from February 5, 2018.

*Members also participate in Credit Committee meeting(s) through tele-conference mode; attendance through such mode is not included above.

Terms of reference

The terms of reference of the Credit Committee *inter-alia* includes: approving credit proposals with respect to Corporate Lending Business of the Company in accordance with risk policy approved by the Risk Management Committee, review and monitor the loan portfolio of all the business segments, to determine overall investment limit and limit for investment under each approved category, formulate, recommend, review, alter and implement the various policies adopted by the Company with reference to the Committee.

AUDIT COMMITTEE

Composition, Meetings and Attendance

The Audit Committee comprises Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Hemant Kaul and Ms. Naina Krishna Murthy.

In terms of the Act and the Listing Regulations, two third of the Members of the Committee are Independent Directors. All the Members of the Committee are financially literate and majority members including the Chairman possess financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee. The Statutory Auditors and the Internal Auditors of the Company submit their report(s) directly to the Audit Committee. The Board of Directors have accepted and implemented the recommendations of the Audit Committee, whenever provided by it.

CORPORATE GOVERNANCE REPORT

During the year under review, the Audit Committee met 3 (three) times on May 12, 2017, November 9, 2017 and February 5, 2018. 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 29, 2017 and the Extraordinary General Meetings held on April 28, 2017 and December 15, 2017.

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

Name of the Members	Status	No. of Meetings attended
Mr. Bobby Parikh	Chairman	2
Mr. Dhanpal Jhaveri	Member	3
*Mr. Hemant Kaul	Member	-
*Ms. Naina Krishna Murthy	Member	-
@Mr. D. Sivanandhan	Member	2
@Ms. Shweta Bhatia	Member	2
#Mr. Ravi Narain	Member	2

*Appointed as a Member from February 5, 2018.

@Ceased to be a Member from February 5, 2018.

#Ceased to be a Member from January 10, 2018.

Terms of reference

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

ASSET-LIABILITY MANAGEMENT COMMITTEE (“ALCO”)**Composition, Meetings and Attendance**

The ALCO comprises Mr. R. Sridhar, Mr. Dhanpal Jhaveri and Mr. Sameer Sain.

During the year under review, the ALCO met 4 (four) times on June 23, 2017, September 28, 2017, November 9, 2017 and March 15, 2018. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended
*Mr. R. Sridhar	Chairman	4
Mr. Dhanpal Jhaveri	Member	4
@Mr. Sameer Sain	Member	0
#Ms. Shweta Bhatia	Member	3
^Mr. Vimal Bhandari	Chairman	-

*Appointed as a Chairman from April 18, 2017.

@Appointed as a Member from February 5, 2018.

#Ceased to be a Member from February 5, 2018.

^Ceased to be a Chairman from April 18, 2017.

Terms of reference

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

RISK MANAGEMENT COMMITTEE (“RMC”)**Composition, Meetings and Attendance**

The RMC comprises Mr. Dinesh Kumar Mehrotra, Mr. Hemant Kaul, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Sanjay Athalye.

During the year under review, the RMC met 4 (four) times on June 23, 2017, September 28, 2017, November 9, 2017 and February 5, 2018. The required quorum was present at all the above meetings.

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

Name of the Members	Status	** No. of Meetings attended
*Mr. Dinesh Kumar Mehrotra	Chairman	-
*Mr. Hemant Kaul	Member	-
*Mr. R. Sridhar	Member	-
*Mr. Pankaj Thapar	Member	-
*Mr. Sanjay Athalye	Member	-
@Mr. L. Brooks Entwistle	Chairman	0
#Ms. Shweta Bhatia	Member	3
#Mr. Alok Oberoi	Member	2
#Mr. Eric Stuart Schwartz	Member	1
#Mr. Bobby Parikh	Member	4

*Appointed as a Chairman / Member from February 5, 2018.

@Ceased to be a Chairman from January 29, 2018.

#Ceased to be a Member from February 5, 2018.

** Members also participate in RMC meeting(s) through tele-conference mode; attendance through such mode is not included above.

Subsequent to the year under review, Mr. Sanjay Athalye ceased to be a Member and Mr. Prashant Joshi, Chief Operating Officer was appointed as Member of the RMC.

Terms of reference

The terms of reference of the RMC *inter-alia* includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution / implementation of risk management practices, deciding on transactions that are proposed to be entered into by the Company that have a potential for a conflict of interest in assessment by the members of the Credit Committee.

NOMINATION & REMUNERATION COMMITTEE (“NRC”)

Composition, Meetings and Attendance

The NRC comprises Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Alok Oberoi and Mr. Hemant Kaul. In terms of the Act and the Listing Regulations, half of the Members of the NRC are Independent Directors.

During the year under review, the NRC met 4 (four) times on April 18, 2017, June 23, 2017, December 12, 2017 and February 5, 2018. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	** No. of Meetings attended
Mr. Bobby Parikh	Chairman	3
Mr. Dhanpal Jhaveri	Member	4
Mr. Alok Oberoi	Member	2
*Mr. Hemant Kaul	Member	-
@Ms. Shweta Bhatia	Member	3
@Mr. Eric Stuart Schwartz	Member	0
#Mr. Ravi Narain	Member	3

*Appointed as a Member from February 5, 2018.

@Ceased to be a Member from February 5, 2018.

#Ceased to be a Member from January 10, 2018.

**Members also participate in NRC meeting(s) through tele-conference mode; attendance through such mode is not included above.

Terms of reference

The terms of reference of the NRC *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, ‘fit and proper’ person status of Directors / senior management personnel, independence of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including

the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulating and administering employee stock options plans of the Company.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

Composition, Meetings and Attendance

The CSR Committee comprises Mr. Dinesh Kumar Mehrotra, Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Ms. Naina Krishna Murthy.

During the year under review, the CSR Committee met once on February 5, 2018. 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.

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

Name of the Members	Status	No. of Meetings attended
*Mr. Dinesh Kumar Mehrotra	Chairman	-
Mr. Dhanpal Jhaveri	Member	1
@Mr. R. Sridhar	Member	1
*Ms. Naina Krishna Murthy	Member	-
#Mr. D. Sivanandhan	Member	0
#Ms. Shweta Bhatia	Member	-
^Mr. L. Brooks Entwistle	Member	-
**Mr. Ravi Narain	Chairman	-
@@Mr. Vimal Bhandari	Member	-

*Appointed as a Chairman / Member from February 5, 2018.

@Appointed as a Member from April 18, 2017.

*Ceased to be a Member from February 5, 2018.

^Ceased to be a Member from January 29, 2018.

**Ceased to be a Chairman from January 10, 2018.

@@Ceased to be a Member from April 18, 2017.

Terms of reference

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

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Mr. Sameer Sain.

During the year under review, the Debenture Committee met 4 (four) times on February 12, 2018, February 23, 2018, March 12, 2018 and March 22, 2018. 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.

CORPORATE GOVERNANCE REPORT

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

Name of the Members	Status	No. of Meetings attended
Mr. Dhanpal Jhaveri	Chairman	4
*Mr. R. Sridhar	Member	4
@Mr. Sameer Sain	Member	0
#Ms. Shweta Bhatia	Member	-
^Mr. Shailesh Shirali	Member	-
**Mr. Vimal Bhandari	Member	-

*Appointed as a Member from April 18, 2017.

@Appointed as a Member from February 5, 2018.

#Ceased to be a Member from February 5, 2018.

^Ceased to be a Member from January 29, 2018.

** Ceased to be a Member from April 18, 2017.

Terms of reference

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

IPO COMMITTEE

Composition, Meetings and Attendance

During the year under review, the IPO Committee of the Company, which was constituted on November 12, 2014, was dissolved and discontinued with effect from June 23, 2017.

The Board of Directors at their meeting held on December 12, 2017, considering its plan to proceed with the initial public offering of the equity shares of the Company, constituted an IPO Committee comprising Mr. Dhanpal Jhaveri, Mr. R. Sridhar, Mr. Sameer Sain and Mr. Bobby Parikh.

During the year under review, the IPO Committee met 2 (two) times on December 22, 2017 and February 9, 2018. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended
Mr. Dhanpal Jhaveri	Chairman	2
Mr. R. Sridhar	Member	2
Mr. Sameer Sain	Member	0
*Mr. Bobby Parikh	Member	0
@Mr. D. Sivanandhan	Member	0

*Appointed as a Member from February 5, 2018.

@Ceased to be a Member from February 5, 2018.

Terms of reference

The terms of reference of the IPO Committee *inter-alia* includes: to take all operational decisions pertaining to the initial public offering ("IPO") of equity shares of the Company including to

approve terms and conditions of appointment of merchant banker(s), legal counsel and other intermediaries, approving offer documents viz. the draft red herring prospectus, the red herring prospectus and the prospectus, approving IPO size / price band / offer price, apply and obtain regulatory approvals for the IPO, approving expenditure related to IPO process and determine the utilization of proceeds of the fresh issue.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition and Meetings

The Board of Directors constituted the Stakeholders' Relationship Committee at their meeting held on February 5, 2018. The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Dinesh Kumar Mehrotra and Mr. Bobby Parikh. No meeting of the Committee was held during the year under review. Mr. Jitendra Bhati, Company Secretary is also the Compliance Officer of the Company.

Terms of reference

The terms of reference of the Stakeholders' Relationship Committee *inter-alia* includes: to oversee, monitor and address grievances of shareholders, debenture holders, investors and other security holders, perform all functions relating to the interests of security holders of the Company, oversee the performance of the registrar and transfer agents of the Company, monitor transfer of transferable amounts to investor education protection fund.

During the year under review no complaints were received from security holders of the Company.

IT STRATEGY COMMITTEE

Composition and Meetings

In terms of the RBI Master Direction – Information Technology Framework for the NBFC Sector ("RBI IT Directions"), the Board of Directors at their meeting held on September 28, 2017 constituted an IT Strategy Committee. The IT Strategy Committee comprises Mr. Bobby Parikh (Chairman), Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Prashant Joshi and the Chief Information Officer / Chief Technology Officer of the Company.

Terms of reference

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the RBI IT Directions which *inter-alia* includes: to approve and monitor IT strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

OTHER COMMITTEES

ALLOTMENT AND SHARE TRANSFER COMMITTEE

The Allotment and Share Transfer Committee of the Board was dissolved and discontinued with effect from February 5, 2018.

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Mr. Pankaj Thapar, Mr. Shailesh Shirali, Mr. Prashant Joshi, Ms. Mamata Pradhan and Ms. Kanti Joshi (External Member from an association committed to the cause of women).

No complaints related to sexual harassment were received by the Committee(s) during the year under review.

Terms of reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee comprises Mr. Pankaj Thapar (Grievance Redressal Officer) and Mr. R. Sridhar .

During the year under review, the Committee met once on November 15, 2017.

Terms of reference

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

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone audited financial statements of the Company for the financial year ended March 31, 2018.

In addition, for the purpose of effective implementation of the Fair Practices Code, the Committee has also adopted a Grievance Redressal Mechanism which *inter-alia* assists in communicating to the customers the modes available to them for getting their grievances addressed to their satisfaction.

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Mr. Pankaj Thapar.

During the year under review, the Committee met 8 (eight) times on April 27, 2017, May 12, 2017, June 8, 2017, November 21, 2017, December 18, 2017, January 25, 2018, February 26, 2018 and March 15, 2018.

Terms of reference

The terms of reference of the Banking Committee, constituted for the internal functioning and operational convince of the Company *inter-alia* includes: matters relating to opening, operating, closing, change in signatories or such related matters of bank account(s), demat account(s), broking account(s), trading account(s) and CSDL account(s) of the Company.

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises Mr. Pankaj Thapar, Mr. Shailesh Shirali and Mr. Jayant Gunjal.

The Committee meets on multiple occasions as and when required, but normally at least once in every quarter.

Terms of reference

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

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

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

Composition:

The Management Committee comprises Mr. R. Sridhar, Mr. Shailesh Shirali, Mr. Prashant Joshi and Mr. Pankaj Thapar.

The Corporate Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Shailesh Shirali and Mr. Pankaj Thapar.

The Retail Lending Committee comprises Mr. Dhanpal Jhaveri (Chairman), Mr. R. Sridhar, Mr. Prashant Joshi and Mr. Pankaj Thapar.

CORPORATE GOVERNANCE REPORT

Meetings: The Committee(s) meet on multiple occasions as and when required.

Terms of reference:*Management Committee*

The terms of reference of the Management Committee *inter-alia* includes: decision making around all policy matters or legally mandated matters unless restricted by the law or the Board of Directors. The Management Committee is also responsible for all administrative and operational matters such as capital expenditure, leasing of premises, authority to represent the Company and implement policies adopted by the Board of Directors.

Corporate Lending Committee

The terms of reference of the Corporate Lending Committee *inter-alia* includes the following with respect to the corporate lending business of the Company: examining credit proposals and recommending the same to the Credit Committee for its approval, approve deviations to sanctioned credit proposals, approve / recommend amendment(s) to / adoption of various relevant policies / manuals, approve deployment of funds in terms of Treasury Policy, approve proposals under Short Term Loan Programme and Sell Down Mandate of the Company, update and report to the Credit Committee and all other acts, deeds and things, which do not require specific approval of the Board of Directors / Credit Committee.

Retail Lending Committee

The terms of reference of the Retail Lending Committee *inter-alia* includes the following with respect to the retail lending business segments of the Company: adopting / revising relevant policies, approving appointment of various agencies / vendors, approving or modifying various agreement(s), document(s) & contract(s), undertaking all or any business and / or operational activities and updating / reporting to the Credit Committee.

POLICIES AND CODES

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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

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

Investment and Loan Policy

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

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

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

Policy on Single / Group Exposure Norms

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

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

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

In terms of the circular(s) and direction(s) on KYC norms and AML measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-*

alia incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT") 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 Directions, the Listing Regulations and provisions of the Act, the Company's 'Risk Framework and Policy' encompasses the organisation structure, strategies, systems and procedures. It integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The policy is laid down in light of the Company's objectives, business strategy and complexity arising out of the products/services and other activities carried out in pursuit of these objectives and implementation of these strategies. The Risk Framework and Policy is available on the website of the Company.

Internal Control Framework

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

Interest Rate Policy

In terms of the RBI Directions, the Company determines the pricing of loans in a transparent manner. In terms of the requirement of RBI NDSI Directions, to have a policy document for interest rates being charged on loans disbursed by the Company and the Fair Practices Code of the Company, the Board of Directors adopted an 'Interest Rate Policy'.

The Interest Rate Policy of the Company *inter-alia* outlines the manner and factors to be considered while determining interest rate applicable to a particular loan and the approach of the Company for gradation of risk. The range of Annualised Rate of Interest that can be charged by the Company across its different business segments is mentioned in the Interest Rate Policy. Since the Company focuses on providing credit only to customers meeting its credit standards for varying tenors, the interest rate to be charged is assessed on a case to case basis, based on the evaluation of various factors and within the range prescribed in the Interest Rate Policy. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Asset Liability Management ("ALM") Guidelines prescribed vide RBI NDSI Directions, the Board of Directors adopted an 'ALCO Policy'.

The ALCO Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. The policy describes the process that should be followed by the Asset Liability Management Committee to evaluate the effectiveness of the Company's internal control procedures. The ALCO Policy is available on the website of the Company.

Resource Planning Policy

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

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

Fraud Risk Policy

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

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

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

In terms of Section 178 of the Act, Guidelines on Corporate Governance prescribed vide RBI NDSI Directions and the Listing Regulations, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit and Proper" Person Criteria' which lays down a framework relating to appointment of Director(s) and senior management personnel including key managerial personnel of the Company.

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

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

CORPORATE GOVERNANCE REPORT

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

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

The Policy on Selection Criteria / "Fit & Proper" Person criteria is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

Outsourcing Policy

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

Information Technology related policies

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

Whistle Blower Policy / Vigil Mechanism

In terms of requirements of the Listing Regulations and provisions of the Act, the Board of Directors adopted a codified 'Whistle Blower Policy / Vigil Mechanism' *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee and to report genuine concerns related to the Company and to provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

The Vigil Mechanism provides a channel to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of

the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No personnel has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company.

Related Party Transaction Policy

In term of the provisions of the Listing Regulations, the Act and RBI NDSI Directions, the Board of Directors adopted a 'Related Party Transaction Policy' to ensure proper approval and reporting of transactions between the Company and its related parties.

The Related Party Transaction Policy *inter-alia* sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interest of the Company and its shareholders. The Related Party Transaction Policy is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

Code of Conduct for Directors & Employees

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organization, the Board of Directors adopted a comprehensive 'Code of Conduct for Directors and Employees' which is applicable to all the Directors, including Non-Executive and Independent Directors and employees of the Company to the extent of their role and responsibilities in the Company. The code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

Declaration by the Executive Vice-Chairman & CEO of the Company pursuant to Regulation 34(3) read with paragraph D of Schedule V of the Listing Regulations, is enclosed herein and forms an integral part of this Corporate Governance Report.

Policy For Determining Material Subsidiary

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determining Material Subsidiary' which *inter-alia* sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which *inter-alia* sets out guidelines for determining materiality of events / information for the

purpose of disclosure to the stock exchanges and identifies specific officers of the Company who shall be authorized to determine materiality of an event / information and for making disclosures to the stock exchanges.

Archival Policy

In terms of the Listing Regulations, the Board of Directors adopted an 'Archival Policy' in order to prescribe the period for which events / information disclosed to the stock exchanges shall be hosted on the website of the Company.

Policy on Diversity of Board of Directors

In terms of the Listing Regulations, the Board of Directors adopted a 'Policy on Diversity of Board of Directors' to set out a transparent process for nomination of persons to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender.

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Non-Executive Directors, senior management including 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), relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

Details of Remuneration paid to Non-Executive Directors of the Company during the year under review is mentioned below:

(₹ in lacs)			
Name of the Director	Sitting Fees	**Commission	Total
Mr. Bobby Parikh	6.55*	10.00	16.55
Mr. Dinesh Kumar Mehrotra	1.00	2.50	3.50
Mr. Hemant Kaul	1.00	2.50	3.50
Ms. Naina Krishna Murthy	1.00	2.50	3.50
@Mr. Ravi Narain	6.05	7.50	13.55
#Mr. Eric Stuart Schwartz	1.00	7.50	8.50
#Mr. D. Sivanandhan	4.55	7.50	12.05

*includes ₹ 0.25 lacs paid in financial year 2018-19 for committee meeting held in financial year 2017-18.

**Commission for financial year 2017-18 paid in financial year 2018-19.

@Resigned as Non-Executive Independent Director from January 10, 2018.

#Resigned as Non-Executive Independent Director from February 5, 2018.

Non-Executive Directors other than Independent Directors were not paid any remuneration during the year under review. The criteria for making payment to Non-Executive Directors including Independent Directors is prescribed in the Remuneration Policy which is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

During the year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and commission as disclosed herein above.

In terms of the Remuneration Policy of the Company, Executive Directors are paid remuneration by way of monthly salary / fixed component as per approved terms, which comprises salary, contribution to provident fund, allowances, mediclaim, gratuity, etc. Further, in terms of the Remuneration Policy Executive Directors may also be paid variable compensation based on Director's contribution towards the Company's growth. Further, mentioned below are details of stock options held by Executive Directors:

Name of Director	No. of stock options held
Mr. R. Sridhar (Appointed as Whole-Time Director designated as Executive Vice-Chairman & CEO from April 18, 2017)	24,11,500
Mr. Vimal Bhandari (Resigned as Managing Director & CEO from April 18, 2017)	8,61,511*
Mr. Shailesh Shirali (Resigned as Whole-Time Director with effect from January 29, 2018)	17,60,777

*Subsequent to the year under review, 7,41,511 stock options held by Mr. Vimal Bhandari were exercised and 1,20,000 stock options held by Mr. Vimal Bhandari were cancelled.

Mr. R. Sridhar, Executive Vice-Chairman & CEO of the Company is further entitled to admission / one-time membership fee to be paid by the Company for club membership of any club in Mumbai selected by Mr. Sridhar limited to a maximum amount of ₹ 4.1 million (exclusive of taxes), medical insurance including for his dependants, and life insurance as per the Company's group medical / term insurance policies. Mr. Sridhar is entitled to a one-time guaranteed bonus payable with the salary for May 2022 or upon the occurrence of a change of control event, as defined in his letter of employment, whichever is earlier. The letter of employment can be terminated by the Company by giving six months' notice or salary in lieu thereof and it can be terminated by Mr. Sridhar by giving 6 months prior notice. There is no separate provision for payment of severance fees.

Record Retention Policy

In order to facilitate operations by promoting efficiency in record keeping, eliminating accidental destruction of valuable records and in compliance with various laws applicable in this regard including the Listing Regulations, the Board of Directors adopted a 'Record Retention Policy'.

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

Corporate Social Responsibility ("CSR") Policy

In terms of Section 135 of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in

CORPORATE GOVERNANCE REPORT

the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company *inter-alia* indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy is available on the website of the Company at <http://www.indostarcapital.com/investors.html#codes-policies-wrap>.

Board Performance Evaluation Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted a formal mechanism for evaluating its performance, that of its Committee(s) and individual Directors including the Chairman. In order to carry out such evaluation the Board of Directors 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 & Remuneration Committee adopted the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

Mentioned below is the brief of manner in which formal annual evaluation of the performance of the Board, its Committees and individual Directors including the Chairman is conducted:

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of Non-Independent Directors, the Board collectively and the Chairperson, is circulated to Independent Directors. Performance ratings are given by the Independent Directors on the questionnaire circulated for each category to be evaluated. Based on the feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluate the performance of Non-Independent Directors, the Board as a whole and the Chairman;
- Based on discussions at the meeting of Independent Directors, a feedback on performance of Non-Independent Directors is placed before the Nomination & Remuneration Committee. The Committee evaluates performance of the Directors including the Chairman based on criteria prescribed in the Performance Evaluation Process. A feedback on the overall evaluation conducted by the Nomination & Remuneration Committee is communicated to the Board;
- Based on feedback of Independent Directors and Nomination & Remuneration Committee and in light of the criteria prescribed in the Performance Evaluation Process, the Board analyses its own performance, that of its Committees and each Director including the Chairman.

Performance Evaluation Criteria for Independent Directors

The Nomination & Remuneration Committee of the Board adopted a detailed 'Performance Evaluation Process – Board, Committees and Directors' which includes criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting & internal controls, development of strategy and risk management; communication with other Board members, senior management and shareholders; attendance and participation at the meetings of the Board and the Committees; keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; extending individual proficiency and experience for effective functioning and operation of the Board and compliance with the Code of Conduct for Independent Directors.

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

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, considering the nature of business activities of the Company, in order to maintain highest standards whilst dealing with 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 Board of Directors adopted (i) a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

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

Code for Independent Directors

In terms of Section 149 and Schedule IV of the Act, the Board of Directors adopted a 'Code for Independent Directors' in order to ensure fulfillment of responsibilities of Independent Directors of the Company in a professional manner.

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

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

Anti-Corruption Policy

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

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

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of valuing compliance, the Board of Directors adopted a 'Compliance Process' which

demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

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

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.

GENERAL BODY MEETINGS

Details of last three Annual General Meetings of the Company:

For Financial Year	Date	Time	Special Resolutions passed	Venue
2014 – 2015	September 30, 2015	11:00 a.m.	Nil	One Indiabulls Center, 17 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
2015 – 2016	September 7, 2016	12:00 noon	<ul style="list-style-type: none"> Borrowing Limits for the Company Creation of security/charge on the assets of the Company Issue of non-convertible debentures under private placement 	One Indiabulls Center, 17 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
2016 – 2017	September 29, 2017	11:00 a.m.	Issue of non-convertible debentures under private placement	One Indiabulls Center, 17 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013

CORPORATE GOVERNANCE REPORT

Details of Extraordinary General Meetings held during the year under review:

Date	Time	Resolutions passed	Venue
April 28, 2017	11:00 a.m.	Special Resolutions: <ul style="list-style-type: none"> Appointment of Mr. R. Sridhar (DIN: 00136697) as a Whole-Time Director designated as Executive Vice-Chairman and Chief Executive Officer (EVC & CEO) of the Company; IndoStar ESOP Plan 2017; IndoStar ESOP Plan 2017 – Holding Company and / or Subsidiary Company(ies); Grant of stock options to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant of options; and Further issue of equity shares on Preferential basis. 	One Indiabulls Center, 17 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
December 15, 2017	11:00 a.m.	Special Resolutions: <ul style="list-style-type: none"> IndoStar ESOP Plan 2018; and IndoStar ESOP Plan 2018 – Holding Company and / or Subsidiary Company(ies). 	One Indiabulls Center, 17 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013
February 7, 2018	11:00 a.m.	Special Resolutions: <ul style="list-style-type: none"> Increase in the Authorised Share Capital of the Company and consequent alteration of Clause V(a) of the Memorandum of Association of the Company; Adoption of new set of Articles of Association; and Initial Public Offering of equity shares of the Company. Ordinary Resolutions: <ul style="list-style-type: none"> Appointment of Mr. Dinesh Kumar Mehrotra (DIN: 00142711) as an Independent Director of the Company; Appointment of Mr. Hemant Kaul (DIN: 00551588) as an Independent Director of the Company; and Appointment of Ms. Naina Krishna Murthy (DIN: 01216114) as an Independent Director of the Company. 	One Indiabulls Center, 20 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013

During the year under review, no resolutions were passed through postal ballot.

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

MEANS OF COMMUNICATION

- Since the equity shares of the Company got listed on May 21, 2018, the Company was not required to prepare quarterly financial results during the year under review;

- The half-yearly and annual financial results were disseminated on the website of the BSE Limited, where the non-convertible debentures issued by the Company were listed;
- The Company published its half-yearly and annual financial results in Navshakti and Free Press Journal;
- The half-yearly and annual financial results and official press releases issued by the Company were also hosted on the website of the Company;
- Subsequent to the year under review, post listing of equity shares of the Company on stock exchanges, presentations made to institutional investors / analysts are submitted to the stock exchanges and hosted on the website of the Company.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	9 th Annual General Meeting Date: September 27, 2018 Time: 11:00 a.m. (IST) Venue: Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai - 400025
Financial Year	April 1 to March 31
Dividend Payment Date	NA
Date of Book Closure	Friday, September 21, 2018 to Thursday, September 27, 2018 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited (<i>Equity Shares and Non-Convertible Debentures</i>) Phiroze Jeejeeboy Towers, Dalal Streets, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited (<i>Equity Shares</i>) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees have been paid to both the stock exchanges.
Stock Code	BSE: 541336 NSE: INDOSTAR
Market Price Data - high, low during each month in last Financial Year	Not applicable, since the equity shares of the Company got listed on May 21, 2018
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc.	Not Applicable, since the equity shares of the Company got listed on May 21, 2018
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in
Share Transfer System	During the year under review, till February 5, 2018 the Allotment and Share Transfer Committee (“ASTC”) was authorized to approve transfer of equity shares; and subsequent to dissolution of the ASTC and constitution of the Stakeholders’ Relationship Committee (“SRC”) on February 5, 2018, the SRC was authorized to approve transfer of equity shares in physical form. SEBI vide notification dated June 8, 2018 has <i>inter-alia</i> advised that from December 5, 2018 securities of listed companies can be transferred only in dematerialized form.
Dematerialization of Shares and Liquidity	Equity shares of the Company are available for trading in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company’s equity shares is INE896L01010. As on March 31, 2018, 7,57,83,886 equity shares of the Company (96.32% of the equity share capital of the Company) were held in dematerialized form.
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or american depository receipts or warrants or any other convertible instruments.
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable
Plant Locations	Since the Company provides services, the Company does not have any manufacturing plant. It operates from Registered & Corporate Office and branches located at different places throughout India.
Address for Correspondence	Mr. Jitendra Bhati Company Secretary & Compliance Officer One Indiabulls Center, 20 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg Mumbai – 400013. Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com

CORPORATE GOVERNANCE REPORT

Distribution of Shareholding as on March 31, 2018:

Sr. No.	Category / Name	No. of Equity Shares held	Percentage of total Equity Shares
1.	Promoter		
	Indostar Capital	7,11,02,635	90.37
2.	Promoter Group		
	Everstone Capital Partners II LLC	11,35,000	1.44
3.	Public		
a.	Bodies Corporate		
	Mission Street Pte Ltd	22,65,000	2.88
b.	Individuals	41,76,624	5.31
	Total	7,86,79,259	100.00

OTHER DISCLOSURES

Materially significant related party transactions: During the year under review, the Company had not entered in to any materially significant related party transactions that may have potential conflict with the interests of Company at large.

Details of non-compliance: There were no instances of non-compliance, penalties, strictures imposed on the Company by stock exchange(s) or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance: Since the equity shares of the Company got listed on May 21, 2018, the Company was not required to comply with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 of Listing Regulations, as applicable to entities which have listed its specified securities on stock exchange(s); the Company has complied with provisions of Listing Regulations, to the extent applicable.

The Company has adopted the following non-mandatory requirements of Listing Regulations:

- The Board of Directors of the Company have resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;
- The Audit Report on the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2018 is unqualified;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons; and
- The internal auditors of the Company report directly to the Audit Committee of the Board.

DECLARATION BY THE EXECUTIVE VICE-CHAIRMAN & CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I, R. Sridhar, Executive Vice-Chairman & CEO of IndoStar Capital Finance Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Employees for the financial year ended March 31, 2018.

Place: Mumbai
Date: August 10, 2018

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited (“the Company”) for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) for financial year ended March 31, 2018.

Subsequent to the year under review, the Company completed the initial public offering of its equity shares which got listed on the BSE Limited and the National Stock Exchange of India Limited with effect from May 21, 2018.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of the Corporate Governance under Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2018.

In our opinion based on the information and the explanations furnished to us by the Company, its officers, agents and authorized representative, we certify that since the equity shares of the Company were not listed during the financial year ended March 31, 2018, the Company was not required to comply with the conditions of Corporate Governance as specified in the Listing Regulations. However, the Company has complied with all the conditions of corporate governance as required under the laws applicable to the Company.

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

For **H Choudhary & Associates**
Company Secretaries

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

Place: Mumbai
Date: August 10, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of **IndoStar Capital Finance Limited**

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Jayesh Gandhi
Partner
Membership Number: 037924
Place of Signature: Mumbai
Date: May 30, 2018

INDEPENDENT AUDITOR'S REPORT

Annexure 1**REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE**

Re: **IndoStar Capital Finance Limited** ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, service tax, goods and service tax, customs duty, and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of debentures, commercial papers and term loans for the purposes for which they were raised, though idle/surplus funds which were not required for immediate utilization were invested in liquid investments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

Annexure 1

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanation given by the management, we report that the amount raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

INDEPENDENT AUDITOR'S REPORT

Annexure 2**TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF
INDOSTAR CAPITAL FINANCE LIMITED****REPORT ON THE INTERNAL FINANCIAL
CONTROLS UNDER CLAUSE (I) OF SUB-
SECTION 3 OF SECTION 143 OF THE
COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR
INTERNAL FINANCIAL CONTROLS**

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

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based

on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**MEANING OF INTERNAL FINANCIAL
CONTROLS OVER FINANCIAL REPORTING
WITH REFERENCE TO THESE FINANCIAL
STATEMENTS**

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

**INHERENT LIMITATIONS OF INTERNAL
FINANCIAL CONTROLS OVER FINANCIAL
REPORTING WITH REFERENCE TO THESE
STANDALONE FINANCIAL STATEMENTS**

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

Annexure 2

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

BALANCE SHEET
AS AT MARCH 31, 2018

(Amount in ₹)

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

Significant Accounting Policies

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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

For and on behalf of the Board of Directors of
IndoStar Capital Finance Limitedper **Jayesh Gandhi**

Partner

Membership No. 037924

R. Sridhar

Executive Vice-Chairman & CEO

DIN: 00136697

Dhanpal Jhaveri

Chairman

DIN: 02018124

Pankaj Thapar

Chief Financial Officer

Jitendra Bhati

Company Secretary

Place: Mumbai

Date: May 30, 2018

Place: Mumbai

Date: May 30, 2018

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

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

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

per **Jayesh Gandhi**
Partner
Membership No. 037924

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

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

(Amount in ₹)

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

As per our report of even date

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

 For and on behalf of the Board of Directors of
IndoStar Capital Finance Limited
per Jayesh Gandhi
 Partner
 Membership No. 037924

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

Dhanpal Jhaveri
 Chairman
 DIN: 02018124

Pankaj Thapar
 Chief Financial Officer

Jitendra Bhati
 Company Secretary

 Place: Mumbai
 Date: May 30, 2018

 Place: Mumbai
 Date: May 30, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

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

2.1 Significant Accounting Policies

(a) Presentation and disclosure of financial statements

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

(b) Use of estimates

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

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

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price

and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Depreciation on Property, Plant and Equipment

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

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Building	60 Years	60 Years
Computers	3 Years	3 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Furniture and Fixtures	5 Years	10 Years
Servers and networks	5 Years	6 Years

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

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

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

Intangible Assets /Amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

(d) Investments

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

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016

('RBI Master Directions, 2016'). Pursuant to the RBI Master Directions, 2016, the Company has revised its recognition norms of Non- Performing Assets (NPA) from 120 days to 90 days.

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

(f) Loans

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

(g) Leases

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

(h) Foreign currency translation

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

Conversion

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

Exchange differences

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

(i) Revenue recognition

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

- i. Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

- iii Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- v Dividend is recognised as income when right to receive payment is established.
- vi Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
- viii Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

(j) Retirement and other employee benefits

Provident Fund

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

Gratuity

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

Leave Encashment

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

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

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

(k) Income tax

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

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

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same

at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(l) Segment reporting

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

(m) Earnings per share

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

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

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

(n) Provisions

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

(o) Cash and cash equivalents

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

(p) Borrowing costs

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

(q) Employee stock compensation costs

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

(r) Contingent liabilities

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

NOTE 3- SHARE CAPITAL

(Amount in ₹)

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

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

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

b. Terms/rights attached to equity shares

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

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

c. Shares held by the holding company

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

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

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

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

e. Shares reserved for issue under options

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

NOTE 4- RESERVES AND SURPLUS

(Amount in ₹)

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

NOTE 5 - LONG TERM BORROWINGS

(Amount in ₹)

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

*Amount disclosed under the head 'Other liabilities'

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

(a) Term loan from banks (TL):

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2018		As at March 31, 2017	
			Audited		Audited	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank TL - IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Abu Dhabi Commercial Bank	>=8.10%<9.95%	2 - Yearly repayments	35,00,00,000	-	-	-
Bank of Baroda Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	25,00,00,000
Bank of Baroda Limited - TL II	>=8.10%<9.95%	20-Quarterly repayments	10,00,00,000	20,00,00,000	30,00,00,000	20,00,00,000
Bank of India Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	37,50,00,000
Canara Bank Limited - TL II	>=8.10%<9.95%	8 - Half yearly repayments	62,50,00,000	25,00,00,000	43,75,00,000	6,25,00,000
Corporation Bank Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	6,66,66,666	6,66,66,666	13,33,33,335	6,66,66,666
Dena Bank	>=8.10%<9.95%	8 - Half yearly repayments	25,00,00,000	12,50,00,000	37,50,00,000	12,50,00,000
Dena Bank - TL II	>=8.10%<9.95%	8 - Half yearly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Doha Bank	>=8.10%<9.95%	5 - Half yearly repayments	24,00,00,000	6,00,00,000	-	-
Federal Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	6,66,66,667	26,66,66,668	33,33,33,332	26,66,66,668
ICICI Bank Limited - II	>=8.10%<9.95%	10-Quarterly repayments	-	-	-	30,00,00,000
IDBI Bank Limited	>=8.10%<9.95%	18 - Quarterly repayments	-	-	24,99,99,998	11,11,11,112
IDBI Bank Limited - II	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Indian Overseas Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	-	22,22,22,222	22,22,22,221	22,22,22,223
IndusInd Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	56,25,00,000	18,75,00,000	-	-
ING Vysya Bank Limited - TL III	>=8.10%<9.95%	20-Quarterly repayments	17,50,00,000	20,00,00,000	37,50,00,000	20,00,00,000
Indian Bank	>=8.10%<9.95%	8 - Half yearly repayments	18,74,88,429	6,25,00,000	25,00,00,000	-
Kotak Mahindra Bank Limited - TL III	>=8.10%<9.95%	16-Quarterly repayments	-	18,75,00,000	18,75,00,000	25,00,00,000
Kotak Mahindra Bank Limited - TL IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	25,00,00,000	56,25,00,000	25,00,00,000
Kotak Mahindra Bank - TL V	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Kotak Mahindra Bank - TL VI	>=8.10%<9.95%	16-Quarterly repayments	75,00,00,000	25,00,00,000	-	-
Punjab National Bank - II	>=8.10%<9.95%	16-Quarterly repayments	20,62,50,000	13,75,00,000	34,37,50,000	13,75,00,000

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2018		As at March 31, 2017	
			Audited		Audited	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
SIDBI	>=8.10%<9.95%	20-Quarterly repayments	60,00,00,000	20,00,00,000	1,20,00,00,000	30,00,00,000
South Indian Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	5,55,55,568	5,55,55,552	11,11,11,120	5,55,55,552
South Indian Bank - II	>=8.10%<9.95%	16-Quarterly repayments	10,93,75,000	6,25,00,000	17,18,75,000	6,25,00,000
South Indian Bank - III	>=8.10%<9.95%	16-Quarterly repayments	23,43,75,000	1,56,25,000	-	-
State Bank of Bikaner and Jaipur Limited - II	>=8.10%<9.95%	8 - Half yearly repayments	-	-	56,25,00,000	18,75,00,000
State Bank of Hyderabad Limited - II	>=8.10%<9.95%	18-Quarterly repayments	-	-	61,11,11,121	22,22,22,220
State Bank of Hyderabad Limited - III	>=8.10%<9.95%	8 - Half yearly repayments	-	-	37,50,00,000	12,50,00,000
State Bank of India Limited - TL II	>=8.10%<9.95%	18-Quarterly repayments	55,55,00,000	44,44,00,000	99,99,00,000	44,44,00,000
State Bank of Mysore Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	8,33,00,000	16,66,00,000	24,99,00,000	16,66,00,000
State Bank of Mysore Limited - TL III	>=8.10%<9.95%	9 - Half yearly repayments	22,20,00,000	11,12,00,000	33,32,00,000	11,12,00,000
State Bank of Patiala - II	>=8.10%<9.95%	9 - Half yearly repayments	-	-	55,52,00,000	22,24,00,000
SIDBI II	>=8.10%<9.95%	20-Quarterly repayments	30,00,00,000	10,00,00,000	-	-
Bank of India	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	1,00,00,00,000	-	-
Catholic Syrian Bank	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	-	-	-
SIDBI III	>=8.10%<9.95%	18-Quarterly repayments	1,67,75,00,000	9,75,00,000	-	-
Vijaya Bank	>=8.10%<9.95%	8 - Half yearly repayments	87,50,00,000	12,50,00,000	-	-
Allahabad Bank	>=8.10%<9.95%	8 - Half yearly repayments	37,50,00,000	12,50,00,000	-	-
Karnataka Bank	>=8.10%<9.95%	8 - Half yearly repayments	43,75,00,000	6,25,00,000	-	-
DCB	>=8.10%<9.95%	17-Quarterly repayments	44,11,76,600	5,88,23,400	-	-
Total			12,10,83,53,930	5,59,02,59,508	9,81,49,36,127	4,83,90,44,441

Nature of Security:

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

b) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment as on March 31, 2018

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

Nature of Security:

- 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 ₹12,432,920,000/- (March 2017: ₹11,932,020,000/-); 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

(Amount in ₹)

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

NOTE 7- PROVISIONS

(Amount in ₹)

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

NOTE 8- SHORT TERM BORROWINGS

(Amount in ₹)

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

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

** secured by pledge of investments in bonds

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

NOTE 9- FIXED ASSETS

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

*Mortgaged as security against Secured Non Convertible Debentures

NOTE 10 - NON-CURRENT INVESTMENTS

(Amount in ₹)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 11- DEFERRED TAX ASSETS (NET)**

(Amount in ₹)

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

NOTE 12- LOANS AND ADVANCES

(Amount in ₹)

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

NOTE 13- OTHER CURRENT ASSETS

(Amount in ₹)

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

NOTES 14- CASH AND BANK BALANCES

(Amount in ₹)

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

NOTE 15 - CURRENT INVESTMENTS

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Quantity	Amount	Quantity	Amount
Investments in Mutual funds (At Net Asset Value)				
UTI Money Market Fund - Growth	2,56,777.63	50,06,50,830	-	-
Axis Liquid Fund- Growth	2,62,166.47	50,53,33,942	-	-
L&T Liquid Fund - Growth	1,05,037.85	25,02,92,045	-	-
BOI AXA Liquid Fund - Direct- Growth	49,998.91	10,01,61,735	-	-
HDFC Liquid Fund - Growth	67,266.25	23,03,11,549	-	-
Kotak Floater - ST – Growth Plan	2,10,738.77	60,10,17,552	-	-
Reliance Liquid Fund - TP - Growth	59,052.47	25,03,79,076	-	-
SBI Premier Liquid Fund - Growth	62,504.17	17,02,86,011	-	-
Kotak Liquid Scheme - Plan A - DDR	-	-	7,52,869.49	92,06,16,347

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Quantity	Amount	Quantity	Amount
Other Investments				
Pass through certificates - Venus SBL IFMR Capital 2017	-	-	31,87,55,435	31,87,55,435
Pass through certificates - Firefinch CV IFMR Capital 2017	59,03,35,955	16,91,52,182	-	-
Pass through certificates - Satin	2,19,35,36,201	1,79,13,63,846	-	-
Investment in Bonds (Quoted)				
8.85% HDFC Bank Ltd (Perpetual)	1,250	1,27,06,69,000	-	-
9.20% ICICI Bank Ltd (Perpetual)	500	51,02,42,250	-	-
9.00% State Bank of India (Perpetual)	800	81,89,25,500	-	-
8.75% State Bank of India (Perpetual)	50	5,08,98,200	-	-
10.20% RBL Tier II	1,500	1,57,26,67,500	-	-
Total		8,79,23,51,218		1,23,93,71,782
Aggregate Value of Quoted Investments				
Cost of acquisition		4,22,34,02,450		-
Market value		4,23,96,28,394		-
Aggregate Value of Unquoted Investments				
Cost of acquisition		4,56,50,58,021		1,23,87,55,435

NOTE 16- REVENUE FROM OPERATIONS

(Amount in ₹)

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

NOTE 17- OTHER INCOME

(Amount in ₹)

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

NOTE 18- EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

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

NOTE 19- FINANCE COST

(Amount in ₹)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 20- OTHER EXPENSES**

(Amount in ₹)

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

NOTE 21- PROVISIONS AND WRITE OFF

(Amount in ₹)

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

NOTE 22- EARNINGS PER SHARE

(Amount in ₹)

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

(Amount in ₹)

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

NOTE 23 - GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

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

Based on AS 15 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

(Amount in ₹)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Balance sheet

Details of Provision for gratuity

(Amount in ₹)

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

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

(Amount in ₹)

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

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

(Amount in ₹)

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

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

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.50%	7.10%
Expected Return on Plan Assets	7.50%	7.10%
Increase in compensation cost	6.00%	6.00%
Withdrawal Rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

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

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

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

(Amount in ₹)

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

NOTE 24- EMPLOYEE STOCK OPTION PLANS

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

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

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

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

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:

(Amount in ₹)

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

NOTE 25 - RELATED PARTY DISCLOSURE

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

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

Names of other related parties:

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

(Amount in ₹)

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

II. Balance as at year end

(Amount in ₹)

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

NOTE 26- CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

NOTE 27- LEASES

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are ₹ 75,394,134. The non-cancellable operating lease agreements are for a period of 24 months to 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

(Amount in ₹)

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

NOTE 28 - DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

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

(Amount in ₹)

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

NOTE 29 - CAPITAL TO RISK ASSETS RATIO DISCLOSURE

(Amount in ₹)

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

NOTE 30- ASSET LIABILITY MANAGEMENT

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

NOTE 31- EXPOSURE TO REAL ESTATE SECTOR

(Amount in ₹)

Category	As at March 31, 2018	As at March 31, 2017
A Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹15 lakhs may be shown separately)	10,40,59,47,164	4,35,65,67,443
ii. Commercial Real Estate		
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	30,29,95,60,768	20,71,04,04,494
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	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)	60,00,00,000	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 32- EXPOSURE TO CAPITAL MARKET**

(Amount in ₹)

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

NOTE 33- OTHER DISCLOSURES PURSUANT TO THE RBI MASTER DIRECTIONS, 2016**I - Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account**

(Amount in ₹)

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

II - Concentration of Advances

(Amount in ₹)

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

III - Concentration of Exposures

(Amount in ₹)

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

IV - Concentration of NPAs

(Amount in ₹)

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

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

(Amount in ₹)

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

VI - Movement of NPAs

(Amount in ₹)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

VII - Customer Complaints

(Amount in ₹)

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

VIII - Investments

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,49,10,33,080	1,96,97,82,987
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	10,49,10,33,080	1,96,97,82,987
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	-	-

IX - Registration obtained from other financial sector regulators : None

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

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

X - Details of financing of parent company products : None

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

XII - Draw down from reserves : None

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

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

XIV - Unsecured Advances against intangible securities : None

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

- i) 1,22,37,762 equity shares of ₹ 10 each were allotted as fresh issue of equity shares at premium of ₹ 562 per share.
 - ii) 2,00,00,000 equity shares of ₹ 10 each were offered for sale by the existing shareholders at premium of ₹ 562 per share.
- The equity shares of the Company got listed on the National Stock Exchange of India Limited and the BSE Limited on May 21, 2018.

NOTE 35- PREVIOUS YEARS COMPARATIVE

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

As per our report of even date

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

per **Jayesh Gandhi**
Partner
Membership No. 037924

Place: Mumbai
Date: May 30, 2018

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

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

Pankaj Thapar
Chief Financial Officer

Place: Mumbai
Date: May 30, 2018

Dhanpal Jhaveri
Chairman
DIN: 02018124

Jitendra Bhati
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Particulars	As at March 31, 2018	
	Audited	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debenture : Secured	12,41,78,52,779	
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	17,77,12,77,918	-
(d) Inter-corporate loans and borrowing	88,38,35,747	-
(e) Commercial Paper	12,59,73,08,736	-
(f) Public Deposits (Refer Note 1 below)	-	-
(g) Other Loans	5,14,94,33,612	-
(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 :		
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		Amount outstanding
(a) Secured		53,88,65,49,589
(b) Unsecured		5,71,37,38,838
(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: Pass through certificates		-

Particulars	As at March 31, 2018	
	Audited	
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		60,01,00,000
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others: Pass through certificates		-

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

Please see Note 2 below

	Amount in Rupees (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	53,88,65,49,589	5,71,37,38,838	59,60,02,88,427

(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 Rupees)

Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	60,01,00,000	60,01,00,000
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-

(8) Other information

Particulars	Amount in Rupees
(i) Gross Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	76,79,37,476
(ii) Net Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	63,96,86,936
(iii) Assets acquired in satisfaction of debt	-

Notes :

- As defined in Paragraph 3 (xv) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016.
- Provisioning norms shall be applicable as prescribed in the RBI Master Directions, 2016.
- 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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2018, 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 of 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the 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 aforesaid 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, 2018, 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, based on our audit, 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 and reports of the other auditors;
- (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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, 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 Group does not have any pending litigations as at March 31, 2018 which would impact its consolidated financial position;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.
 - 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 during the year ended March 31, 2018.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature:

Date: May 30, 2018

INDEPENDENT AUDITOR'S REPORT

Annexure 1**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, 2018, 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 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 with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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 with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these

consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**MEANING OF INTERNAL FINANCIAL
CONTROLS OVER FINANCIAL
REPORTING WITH REFERENCE TO THESE
CONSOLIDATED FINANCIAL STATEMENTS**

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

**INHERENT LIMITATIONS OF INTERNAL
FINANCIAL CONTROLS OVER FINANCIAL
REPORTING WITH REFERENCE TO THESE
CONSOLIDATED FINANCIAL STATEMENTS**

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

Annexure 1

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

OPINION

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, 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 Number: 301003E/E300005

per Jayesh Gandhi

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: May 30, 2018

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
		Audited	Audited
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	78,67,92,590	78,36,17,990
(b) Reserves and surplus	4	20,58,44,67,904	18,24,39,22,529
		21,37,12,60,494	19,02,75,40,519
(2) Non-current liabilities			
(a) Long-term borrowings	5	19,91,97,18,704	19,10,61,20,313
(b) Other Long term liabilities	6	3,22,20,665	7,23,70,201
(c) Long-term provisions	7	33,04,96,512	26,94,81,205
		20,28,24,35,881	19,44,79,71,719
(3) Current liabilities			
(a) Short-term borrowings	8	18,63,05,78,095	7,86,55,05,788
(b) Trade payables			
(i) Dues to Micro, Small and Medium enterprises	28	-	-
(ii) Others		9,30,92,873	5,28,41,821
(c) Other current liabilities	6	12,44,35,25,991	8,33,74,74,840
(d) Short-term provisions	7	14,26,24,619	15,63,55,497
		31,30,98,21,578	16,41,21,77,946
Total		72,96,35,17,953	54,88,76,90,184
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Property, Plant and Equipment		51,43,73,333	6,92,19,952
(ii) Intangible assets		4,40,89,258	1,87,92,388
(iii) Capital work in progress		8,30,13,306	-
(b) Non-current investments	10	1,09,85,81,862	63,03,11,205
(c) Deferred tax assets (net)	11	16,49,43,774	16,36,46,726
(d) Long-term loans and advances	12	49,07,41,87,361	39,33,09,07,722
		50,97,91,88,894	40,21,28,77,993
(2) Current assets			
(a) Cash and bank balances	14	1,27,83,37,240	65,12,98,742
(b) Current investments	15	8,79,23,51,218	1,23,93,71,782
(c) Short-term loans and advances	12	11,32,91,48,748	12,27,53,51,589
(d) Other current assets	13	58,44,91,853	50,87,90,078
		21,98,43,29,059	14,67,48,12,191
Total		72,96,35,17,953	54,88,76,90,184

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

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

per **Jayesh Gandhi**
Partner
Membership No. 037924

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
		Audited	Audited
INCOME			
Revenue from operations	16	8,22,01,09,343	7,19,30,29,592
Other income	17	11,96,43,581	61,43,486
Total		8,33,97,52,924	7,19,91,73,078
EXPENDITURE			
Employee benefit expenses	18	81,57,93,951	48,18,98,175
Finance cost	19	3,24,42,86,270	3,11,84,94,881
Depreciation and amortisation	9	4,70,57,189	1,87,77,500
Other expenses	20	64,65,21,887	22,63,21,873
Provisions and write off	21	8,91,68,354	12,32,80,817
Total		4,84,28,27,651	3,96,87,73,246
Profit before taxation		3,49,69,25,273	3,23,03,99,832
Provision for taxation			
Current tax		1,25,45,02,245	1,18,30,73,074
Deferred tax		(12,97,048)	(6,06,27,564)
Total tax expense		1,25,32,05,197	1,12,24,45,510
Net profit after taxes		2,24,37,20,076	2,10,79,54,322
Earnings per share	22		
Basic (₹)		28.53	28.69
Diluted (₹)		25.74	26.31
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

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

per **Jayesh Gandhi**
Partner
Membership No. 037924

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	3,49,69,25,273	3,23,03,99,832
Depreciation and amortisation	4,70,57,189	1,87,77,500
Loss on sale of fixed assets	93,97,182	85,501
Profit on sale of current investments	(9,87,13,445)	(36,96,979)
Profit on sale of non-current investments	(1,99,87,625)	-
Provisions for non performing assets	2,04,25,869	8,78,24,670
Provisions for standard assets	3,11,02,858	3,54,56,147
Provision for gratuity	51,54,108	21,29,200
Provision for leave encashment	40,33,094	11,25,008
Operating profit before working capital changes	3,49,53,94,503	3,37,21,00,879
Movements in working capital:		
Increase in trade payables	4,02,51,052	1,20,42,124
Increase / (Decrease) in other liabilities	4,02,81,80,258	(27,69,18,399)
(Increase) in loans and advances	(8,79,70,76,798)	(8,76,72,53,206)
(Increase) in other assets	(7,57,01,775)	(15,13,85,045)
Cash used in operating activities	(1,30,89,52,760)	(5,81,14,13,647)
Direct taxes paid (net of refunds)	(1,26,79,33,741)	(1,08,84,11,330)
Net cash used in operating activities (A)	(2,57,68,86,501)	(6,89,98,24,977)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(48,93,85,466)	(6,94,24,823)
Payments for capital work in progress	(8,30,13,306)	-
Proceeds from sale of fixed assets	2,02,196	70,529
Proceeds from sale / (investment) in Preference Shares	5,99,62,875	(3,99,75,250)
Investment in Pass through certificates (net)	(1,05,14,24,638)	(90,90,91,390)
Investment in Bonds (net)	(5,32,77,32,700)	-
Investments in Mutual Fund units (net)	(1,58,33,54,560)	(91,69,19,368)
Proceeds from maturity of Bank deposits	8,00,00,000	-
Net cash used in investing activities (B)	(8,39,47,45,599)	(1,93,53,40,302)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	31,74,600	5,00,73,700
Proceeds from Securities Premium on issue of equity share capital	9,68,25,300	1,45,14,91,503
Amount raised from short term borrowings (net)	10,76,50,72,307	2,87,13,43,937
Term loans from banks (net)	2,29,34,17,803	21,84,42,472
(Payments) / Proceeds from non convertible debentures (NCDs) (net)	(1,47,98,19,412)	1,29,90,19,681
Net cash generated from financing activities (C)	11,67,86,70,598	5,89,03,71,293
Net increase / (decrease) in cash and cash equivalents (A + B + C)	70,70,38,498	(2,94,47,93,986)
Cash and Cash Equivalents at the beginning of the year	57,12,98,742	3,51,60,92,728
Cash and Cash Equivalents at the end of the year	1,27,83,37,240	57,12,98,742

(Amount in ₹)

Components of Cash and Cash Equivalents	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Cash and Cash Equivalents at the end of the year		
i) Cash on hand	2,740	27,486
ii) Balances with scheduled banks in:		
Current accounts	1,24,93,34,500	46,92,71,256
Deposits with original maturity of less than three months	2,90,00,000	10,20,00,000
Total cash and cash equivalents	1,27,83,37,240	57,12,98,742

As per our report of even date

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

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: May 30, 2018

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

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

Pankaj Thapar
Chief Financial Officer

Place: Mumbai
Date: May 30, 2018

Dhanpal Jhaveri
Chairman
DIN: 02018124

Jitendra Bhati
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

1. BASIS OF PREPARATION

The Consolidated financial statements relates to M/s. IndoStar Capital Finance Limited (the 'Company' or 'ICFL') and its subsidiary companies (hereinafter collectively referred to as 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'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016, the directions issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC') and guidelines issued by the National Housing Bank (NHB) to the extent applicable. 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, 2018 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. The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's standalone financial statements.

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 companies 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.

Particulars	Country of Incorporation	Proportion of ownership interest as at March 31, 2018	Proportion of ownership interest as at March 31, 2017	Financial Year ends on
IndoStar Asset Advisory Private Limited (IAAPL)	India	100%	100%	March 31
IndoStar Home Finance Private Limited (IHFPL)	India	100%	100%	March 31

2.1 Significant Accounting Policies

(a) Presentation and disclosure of financial statement

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 financials statements are classified as current and other assets / liabilities are classified as non current.

(b) Use of estimates

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

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

Property, Plant and Equipment

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

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

Depreciation on Property, Plant and Equipment

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

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Building	60 Years	60 Years
Computers	3 Years	3 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Furniture and Fixtures	5 Years	10 Years
Servers and networks	5 Years	6 Years

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

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

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

Intangible Assets /Amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

Impairment of assets

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

(d) Investments

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

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ('RBI Master Directions, 2016') and Master Circular - The Housing Finance Companies (NHB) Directions, 2010 ('NHB Guidelines, 2010') and Notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017. Pursuant to the RBI Master Directions, 2016, the Company has revised its recognition norms of Non- Performing Assets (NPA) from 120 days to 90 days.

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

(f) Loans

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

(g) Leases

Where the Company is the lessee

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

(h) Foreign currency translation

Initial recognition

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

Conversion

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

Exchange differences

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

(i) Revenue recognition

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

- i. Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii. Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- iii. Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv. Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.

- v Dividend is recognised as income when right to receive payment is established.
- vi Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
- viii 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, when an employee renders the related service.

Gratuity

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

Leave Encashment

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

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

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

(k) Income tax

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**(l) Segment reporting**

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

(m) Earnings per share

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

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

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

(n) Provisions

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

(o) Referral Fees

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

(p) Cash and cash equivalents

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

(q) Borrowing costs

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

(r) Employee stock compensation costs

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

(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

(Amount in ₹)

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

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

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

b. Terms/rights attached to equity shares

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

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

c. Shares held by the holding company

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

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

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

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

e. Shares reserved for issue under options

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 4- RESERVES AND SURPLUS**

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
Securities Premium Account				
Balance as per last Balance Sheet	10,24,67,57,611		8,79,52,66,108	
Add: Received during the year	9,68,25,300		1,45,14,91,503	
Closing balance	10,34,35,82,911		10,24,67,57,611	
Other Reserves				
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934				
Balance as per last Balance Sheet	1,60,91,21,530		1,19,10,45,902	
Add: Transfer from surplus balance in statement of profit and loss	47,11,55,262		41,80,75,629	
Closing balance	2,08,02,76,792		1,60,91,21,531	
Statutory Reserve pursuant to Section 29C of the National Housing Bank Act, 1987				
Balance as per last Balance Sheet	8,52,652		-	
Add: Transfer from surplus balance in statement of profit and loss	-		8,52,652	
Closing balance	8,52,652		8,52,652	
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		43,038	
Closing balance	43,038		43,038	
Surplus in Statement of profit and loss				
Balance as per last Balance Sheet	6,38,71,47,697		4,69,81,21,656	
Add: Profit for the current year	2,24,37,20,076		2,10,79,54,322	
Less: Appropriations				
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(47,11,55,262)		(41,80,75,629)	
Transfer to statutory reserve as per Section 29C of the National Housing Bank (NHB) Act, 1987	-		(8,52,652)	
Net surplus in the statement of profit and loss	8,15,97,12,511		6,38,71,47,697	
Total	20,58,44,67,904		18,24,39,22,529	

NOTE 5 - LONG TERM BORROWINGS

(Amount in ₹)

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

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks (TL):

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2018		As at March 31, 2017	
			Audited		Audited	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank TL - IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Abu Dhabi Commercial Bank	>=8.10%<9.95%	2 - Yearly repayments	35,00,00,000	-	-	-
Bank of Baroda Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	25,00,00,000
Bank of Baroda Limited - TL II	>=8.10%<9.95%	20-Quarterly repayments	10,00,00,000	20,00,00,000	30,00,00,000	20,00,00,000
Bank of India Limited	>=8.10%<9.95%	16-Quarterly repayments	-	-	-	37,50,00,000
Canara Bank Limited - TL II	>=8.10%<9.95%	8 - Half yearly repayments	62,50,00,000	25,00,00,000	43,75,00,000	6,25,00,000
Corporation Bank Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	6,66,66,666	6,66,66,666	13,33,33,335	6,66,66,666
Dena Bank	>=8.10%<9.95%	8 - Half yearly repayments	25,00,00,000	12,50,00,000	37,50,00,000	12,50,00,000
Dena Bank - TL II	>=8.10%<9.95%	8 - Half yearly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Doha Bank	>=8.10%<9.95%	5 - Half yearly repayments	24,00,00,000	6,00,00,000	-	-
Federal Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	6,66,66,667	26,66,66,668	33,33,33,332	26,66,66,668
ICICI Bank Limited - II	>=8.10%<9.95%	10-Quarterly repayments	-	-	-	30,00,00,000
IDBI Bank Limited	>=8.10%<9.95%	18 - Quarterly repayments	-	-	24,99,99,998	11,11,11,112
IDBI Bank Limited - II	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	43,75,00,000	6,25,00,000
Indian Overseas Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	-	22,22,22,222	22,22,22,221	22,22,22,223
IndusInd Bank Limited - TL III	>=8.10%<9.95%	12-Quarterly repayments	56,25,00,000	18,75,00,000	-	-
ING Vysya Bank Limited - TL III	>=8.10%<9.95%	20-Quarterly repayments	17,50,00,000	20,00,00,000	37,50,00,000	20,00,00,000
Indian Bank	>=8.10%<9.95%	8 - Half yearly repayments	18,74,88,429	6,25,00,000	25,00,00,000	-
Kotak Mahindra Bank Limited - TL III	>=8.10%<9.95%	16-Quarterly repayments	-	18,75,00,000	18,75,00,000	25,00,00,000
Kotak Mahindra Bank Limited - TL IV	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	25,00,00,000	56,25,00,000	25,00,00,000
Kotak Mahindra Bank - TL V	>=8.10%<9.95%	16-Quarterly repayments	31,25,00,000	12,50,00,000	-	-
Kotak Mahindra Bank - TL VI	>=8.10%<9.95%	16-Quarterly repayments	75,00,00,000	25,00,00,000	-	-
Punjab National Bank - II	>=8.10%<9.95%	16-Quarterly repayments	20,62,50,000	13,75,00,000	34,37,50,000	13,75,00,000
SIDBI	>=8.10%<9.95%	20-Quarterly repayments	60,00,00,000	20,00,00,000	1,20,00,00,000	30,00,00,000

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2018		As at March 31, 2017	
			Audited		Audited	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
South Indian Bank Limited	>=8.10%<9.95%	18-Quarterly repayments	5,55,55,568	5,55,55,552	11,11,11,120	5,55,55,552
South Indian Bank - II	>=8.10%<9.95%	16-Quarterly repayments	10,93,75,000	6,25,00,000	17,18,75,000	6,25,00,000
South Indian Bank - III	>=8.10%<9.95%	16-Quarterly repayments	23,43,75,000	1,56,25,000	-	-
State Bank of Bikaner and Jaipur Limited - II	>=8.10%<9.95%	8 - Half yearly repayments	-	-	56,25,00,000	18,75,00,000
State Bank of Hyderabad Limited - II	>=8.10%<9.95%	18-Quarterly repayments	-	-	61,11,11,121	22,22,22,220
State Bank of Hyderabad Limited - III	>=8.10%<9.95%	8 - Half yearly repayments	-	-	37,50,00,000	12,50,00,000
State Bank of India Limited - TL II	>=8.10%<9.95%	18-Quarterly repayments	55,55,00,000	44,44,00,000	99,99,00,000	44,44,00,000
State Bank of Mysore Limited - TL II	>=8.10%<9.95%	9 - Half yearly repayments	8,33,00,000	16,66,00,000	24,99,00,000	16,66,00,000
State Bank of Mysore Limited - TL III	>=8.10%<9.95%	9 - Half yearly repayments	22,20,00,000	11,12,00,000	33,32,00,000	11,12,00,000
State Bank of Patiala - II	>=8.10%<9.95%	9 - Half yearly repayments	-	-	55,52,00,000	22,24,00,000
SIDBI II	>=8.10%<9.95%	20-Quarterly repayments	30,00,00,000	10,00,00,000	-	-
Bank of India	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	1,00,00,00,000	-	-
Catholic Syrian Bank	>=8.10%<9.95%	8 - Half yearly repayments	50,00,00,000	-	-	-
SIDBI III	>=8.10%<9.95%	18-Quarterly repayments	1,67,75,00,000	9,75,00,000	-	-
Vijaya Bank	>=8.10%<9.95%	8 - Half yearly repayments	87,50,00,000	12,50,00,000	-	-
Allahabad Bank	>=8.10%<9.95%	8 - Half yearly repayments	37,50,00,000	12,50,00,000	-	-
Karnataka Bank	>=8.10%<9.95%	8 - Half yearly repayments	43,75,00,000	6,25,00,000	-	-
DCB	>=8.10%<9.95%	17-Quarterly repayments	44,11,76,600	5,88,23,400	-	-
Total			12,10,83,53,930	5,59,02,59,508	9,81,49,36,127	4,83,90,44,441

Nature of Security:

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

b) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment as on March 31, 2018

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

Nature of Security:

- 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 ₹ 12,432,920,000/- (March 2017: ₹ 11,932,020,000/-); 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

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non-Current	Current	Non-Current	Current
Unamortised fees	3,22,20,665	2,84,05,442	7,23,70,201	4,80,48,029
Interest accrued but not due on loans	-	60,67,72,574	-	76,15,03,118
Current maturities of long term debts (Refer note 5)	-	9,67,72,84,563	-	6,76,13,17,678
Book Overdraft	-	72,64,52,619	-	51,08,02,280
Employee benefits payable	-	22,35,00,000	-	16,83,58,844
Other liabilities (includes statutory liabilities)	-	1,18,11,10,793	-	8,74,44,891
Total	3,22,20,665	12,44,35,25,991	7,23,70,201	8,33,74,74,840

NOTE 7- PROVISIONS

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non-Current	Current	Non-Current	Current
For employee benefit				
For gratuity	32,58,747	58,69,482	22,25,327	17,48,794
For leave encashment and availment	69,17,571	11,30,900	33,37,515	6,77,862
For Others				
For non-performing assets	12,82,50,539	-	10,78,24,670	-
For standard assets	19,20,69,655	4,60,95,131	15,60,93,693	5,09,68,235
For income tax (net of advance tax)	-	8,95,29,106	-	10,29,60,606
Total	33,04,96,512	14,26,24,619	26,94,81,205	15,63,55,497

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 8- SHORT TERM BORROWINGS**

(Amount in ₹)

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

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

** secured by pledge of investments in bonds

NOTE 9- FIXED ASSETS

Particulars	Property, Plant and Equipment							Intangible Assets		Total	
	Land - Freehold*	Buildings	Computers	Audited			Leasehold Improvement	Total	Audited		
				Office Equipment	Furniture and Fixtures				Software		
Gross Block											
As at March 31, 2016	15,05,100	-	1,62,09,055	43,05,750	40,33,883	3,17,72,509	5,78,26,297	49,30,003		6,27,56,300	
Additions	-	-	2,23,62,356	59,49,401	5,18,507	1,98,69,320	4,86,99,584	2,51,51,038		7,38,50,622	
Deletions	-	-	2,09,487	3,52,799	-	-	5,62,286	-		5,62,286	
As at March 31, 2017	15,05,100	-	3,83,61,924	99,02,352	45,52,390	5,16,41,829	10,59,63,595	3,00,81,041		13,60,44,636	
Additions	-	10,50,30,100	7,63,26,026	3,93,24,964	7,16,28,045	19,81,34,885	49,04,44,020	3,66,62,798		52,71,06,818	
Deletions	-	-	-	13,191	-	1,53,19,058	1,53,32,249	-		1,53,32,249	
As at March 31, 2018	15,05,100	10,50,30,100	11,46,87,950	4,92,14,125	7,61,80,435	23,44,57,656	58,10,75,366	6,67,43,839		64,78,19,205	
Depreciation											
As at March 31, 2016	-	-	66,38,927	19,12,400	22,56,805	1,68,03,166	2,76,11,298	20,54,100		2,96,65,398	
Additions	-	-	43,59,234	12,63,046	6,59,214	32,61,453	95,42,947	92,34,553		1,87,77,500	
Deletions	-	-	1,09,133	3,01,469	-	-	4,10,602	-		4,10,602	
As at March 31, 2017	-	-	1,08,89,028	28,73,977	29,16,019	2,00,64,619	3,67,43,643	1,12,88,653		4,80,32,296	
Additions	-	3,17,162	1,43,26,213	24,44,254	5,53,720	1,80,49,912	3,56,91,261	1,13,65,928		4,70,57,189	
Deletions	-	-	-	2,601	-	57,30,270	57,32,871	-		57,32,871	
As at March 31, 2018	-	3,17,162	2,52,15,241	53,15,630	34,69,739	3,23,84,261	6,67,02,033	2,26,54,581		8,93,56,614	
Net Block											
As at March 31, 2018	15,05,100	10,47,12,938	8,94,72,709	4,38,98,495	7,27,10,696	20,20,73,395	51,43,73,333	4,40,89,258		55,84,62,591	
As at March 31, 2017	15,05,100	-	2,74,72,896	70,28,375	16,36,371	3,15,77,210	6,92,19,952	1,87,92,388		8,80,12,340	

*Mortgaged as security against Secured Non Convertible Debentures

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 10 - NON-CURRENT INVESTMENTS**

(Amount in ₹)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Audited			Audited		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Unquoted - Compulsorily Convertible Preference Share						
GC Web Ventures Private Limited	-	-	-	150.00	862	3,99,75,250
Other Investments						
Pass through certificates - Firefinch CV IFMR Capital 2017		-	-	1	59,03,35,955	59,03,35,955
Investment in Bonds (Quoted)						
8.85% HDFC Bank Ltd (Perpetual)	10,00,000	100	10,13,75,300	-	-	-
8.55% ICICI Bank Ltd (Perpetual)	10,00,000	1,000	99,72,06,562	-	-	-
Total		1,100	1,09,85,81,862		59,03,36,817	63,03,11,205
Aggregate Value of Quoted Investments						
Cost of acquisition			1,09,85,81,862			-
Market value			1,07,89,71,600			-
Aggregate Value of Unquoted Investments						
Cost of acquisition			-			63,03,11,205

NOTE 11- DEFERRED TAX ASSETS (NET)

(Amount in ₹)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	Audited	Audited
Deferred tax asset		
Provision for standard assets	8,19,81,259	7,16,59,992
Origination fees unamortised	2,09,81,483	4,16,74,341
Provision for gratuity	30,32,667	13,75,364
Provision for leave encashment	25,13,810	13,89,642
Interest on the NPA Loans not accrued in books	2,52,92,671	3,20,73,135
Provision for non performing assets	4,43,84,947	3,73,15,962
Total (A)	17,81,86,837	18,54,88,436
Deferred tax liability		
Fixed asset: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting period	(15,70,670)	(13,12,360)
Borrowing costs unamortised	(1,16,72,393)	(2,05,29,350)
Total (B)	(1,32,43,063)	(2,18,41,710)
Net deferred tax asset (A-B)	16,49,43,774	16,36,46,726

NOTE 12- LOANS AND ADVANCES

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non-Current Portion	Current Portion	Non-Current Portion	Current Portion
Secured, considered good				
Loans and advances relating to financing activity	30,43,72,67,477	4,41,76,53,492	22,60,27,78,828	3,15,65,85,191
Debentures	14,94,94,80,254	3,35,27,99,326	14,01,39,86,170	2,64,88,94,750
Short term loans	-	47,32,12,000	-	-
Secured, considered doubtful				
Loans and advances relating to financing activity	76,79,37,476	-	72,73,35,794	-
Unsecured, considered good				
Loans and advances relating to financing activity	50,00,00,000	25,00,00,000	-	75,00,00,000
Debentures	2,30,00,00,000	60,00,00,000	1,90,00,00,000	65,00,00,000
Short term loans	-	2,06,37,38,838	-	5,00,00,00,000
Security Deposits	8,63,91,587	14,400	2,55,07,954	
Advances recoverable in cash or in kind or for value to be received	-	12,69,15,198	-	1,46,83,137
Prepaid expenses	3,31,10,567	4,48,15,494	6,12,98,976	5,29,59,389
Service tax (Including Input credit)	-	-	-	22,29,122
Total	49,07,41,87,361	11,32,91,48,748	39,33,09,07,722	12,27,53,51,589

NOTE 13- OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Audited		Audited	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	20,33,42,973	-	-
Interest accrued but not due on loans	-	38,07,94,114	-	50,64,37,790
Interest accrued on fixed deposits with banks	-	3,54,766	-	23,52,288
Total	-	58,44,91,853	-	50,87,90,078

NOTES 14- CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	Audited	Audited
Cash and cash equivalents		
i) Cash on hand	2,740	27,486
ii) Balances with scheduled banks in:		
Current accounts	1,24,93,34,500	46,92,71,256
Deposits with original maturity of less than three months	2,90,00,000	10,20,00,000
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	-	8,00,00,000
Total	1,27,83,37,240	65,12,98,742

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018**NOTE 15 - CURRENT INVESTMENTS**

(Amount in ₹)

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

NOTE 16- REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Interest income on:		
- Loan portfolio	6,57,22,03,011	6,32,01,20,936
- Deposits with banks	1,78,60,392	11,34,76,030
- Investments in PTCs	8,17,80,221	22,05,963
- Debt instruments	35,89,70,370	-
Other financial services:		
- Origination fees & other charges	85,44,47,885	67,50,50,484
- Syndication & other fees	33,48,47,464	8,17,96,417
- Gain on sale of loan assets	-	3,79,762
Total	8,22,01,09,343	7,19,30,29,592

NOTE 17- OTHER INCOME

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Dividend income	5,72,381	24,19,511
Profit on sale of current investments	9,87,13,445	36,96,979
Profit on sale of non-current investments	1,99,87,625	-
Miscellaneous income	3,70,130	26,996
Total	11,96,43,581	61,43,486

NOTE 18- EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Salaries, other allowances and bonus	78,21,56,936	46,52,34,052
Gratuity expenses	49,04,108	33,79,200
Leave encashment	51,58,965	16,01,969
Contribution to provident and other funds	1,58,40,736	88,20,780
Staff welfare expenses	77,33,206	28,62,174
Total	81,57,93,951	48,18,98,175

NOTE 19- FINANCE COST

(Amount in ₹)

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

NOTE 20- OTHER EXPENSES

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Rent	7,67,50,762	3,95,34,426
Rates & taxes	1,49,11,520	42,25,795
Printing and stationery	72,13,710	13,26,126
Travelling & conveyance	2,95,89,404	84,27,422
Advertisement	9,18,27,756	5,81,613
Business Promotion	30,39,503	26,01,314
Conference charges	2,10,932	59,146
Commission & brokerage	18,05,73,861	4,81,48,161
Office expenses	5,81,24,136	2,25,18,596
Directors' sitting fees	72,90,750	21,56,050
Insurance	49,80,812	21,98,943
Communication expenses	1,60,39,556	36,49,609
Payment to auditor		
- Audit fees	44,48,739	43,38,233
- Tax audit fees	3,81,500	3,76,250
- Certification	5,45,000	7,26,000
CSR expenses	1,74,82,962	1,63,90,052
Legal & professional charges	11,21,68,491	6,65,97,224
Loss on sale of fixed assets (net)	93,97,182	85,501
Membership & subscriptions	1,15,45,311	23,81,412
Total	64,65,21,887	22,63,21,873

NOTE 21- PROVISIONS AND WRITE OFF

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Provision for standard assets	3,11,02,858	3,54,56,147
Provision for non-performing assets	2,04,25,869	8,78,24,670
Debts written off	3,76,39,627	
Total	8,91,68,354	12,32,80,817

NOTE 22- EARNINGS PER SHARE

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

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Net Profit after tax as per Statement of profit and loss (Amount in Rupees) (A)	2,24,37,20,076	2,10,79,54,322
Weighted average number of equity shares for calculating Basic EPS (B)	7,86,47,078	7,34,81,031
Weighted average number of equity shares for calculating Diluted EPS (C)	8,71,68,302	8,01,19,592
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (B)	28.53	28.69
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (C)	25.74	26.31

(Amount in ₹)

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

NOTE 23 - GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS:

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

Based on AS 15 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
	Audited	Audited
Current service cost	35,41,650	14,29,946
Interest cost on benefit obligation	4,20,489	3,89,148
Expected return on plan assets	(2,00,408)	(3,01,012)
Net actuarial (gain) / loss recognised in the year	(3,44,380)	8,61,118
Past service cost	14,86,757	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	49,04,108	23,79,200
Actual return on plan assets	1,86,967	2,70,300

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Balance sheet

Details of Provision for gratuity

Particulars	(Amount in ₹)	
	As at March 31, 2018	As at March 31, 2017
Change in Fair Value of Assets		
Opening value of plan assets	26,12,811	33,42,511
Transfer in/(out) plan assets	-	-
Expected return	2,00,408	3,01,012
Actuarial gain/(loss)	(13,441)	(30,712)
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(24,90,384)	(10,00,000)
Closing value of plan assets	3,09,394	26,12,811
Defined benefit obligation	(97,59,623)	(65,86,932)
Fair value of plan assets	3,09,394	26,12,811
Less: Unrecognised past service cost	3,22,000	-
Net Liability	(91,28,229)	(39,74,121)

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

Particulars	(Amount in ₹)	
	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	65,86,932	51,87,432
Interest cost	4,20,489	3,89,148
Current service cost	35,41,650	14,29,946
Past service cost	18,08,757	-
Benefits paid	(22,40,384)	(12,50,000)
Actuarial (gains) / losses on obligation	(3,57,821)	8,30,406
Closing defined benefit obligation	97,59,623	65,86,932

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

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

Particulars	(Amount in ₹)	
	As at March 31, 2018	As at March 31, 2017
Discount Rate	7.50%	7.10%
Expected Return on Plan Assets	7.50%	7.10%
Increase in compensation cost	6.00%	6.00%
Withdrawal Rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

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

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

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

(Amount in ₹)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	97,59,623	65,86,932	51,87,432	40,77,761	22,77,797
Plan assets	3,09,394	26,12,811	33,42,511	30,73,573	20,15,432
Surplus / (deficit)	(91,28,229)	(39,74,121)	(18,44,921)	(10,04,188)	(2,62,365)
Experience adjustments on plan liabilities	(66,498)	5,39,056	(16,82,888)	26,861	(6,32,462)
Experience adjustments on plan assets	13,441	30,712	64,678	30,626	12,284

NOTE 24- EMPLOYEE STOCK OPTION PLANS

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

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

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

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

ESOP Plan	Tranch	Date of grant	Number of option granted	Number of option exercised	Number of option cancelled	Number of option outstanding	Weighted average remaining contractual life (in years)	Weighted average fair value of options granted (₹)	Weighted Average Exercise Price (₹)
ESOP Plan 2012	Tranche I	21-Aug-12	2,03,000	3,400	37,700	1,61,900	1	99.63	140.00
ESOP Plan 2012	Tranche II	18-Feb-13	1,00,000	200	-	99,800	2	102.52	145.00
ESOP Plan 2012	Tranche III	28-Mar-13	20,000	-	20,000	-	NA	91.11	145.10
ESOP Plan 2012	Tranche IV	14-Aug-13	10,000	-	10,000	-	NA	92.16	147.24
ESOP Plan 2012	Tranche V	23-Apr-14	6,66,000	470	41,690	6,23,840	3	105.67	149.37
ESOP Plan 2012	Tranche VI	16-May-16	6,02,254	-	-	6,02,254	2	82.87	225.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

ESOP Plan	Tranch	Date of grant	Number of option granted	Number of option exercised	Number of option cancelled	Number of option outstanding	Weighted average remaining contractual life (in years)	Weighted average fair value of options granted (₹)	Weighted Average Exercise Price (₹)
ESOP Plan 2016	Tranche I	16-May-16	24,98,036	-	2,87,259	22,10,777	2	82.87	225.00
ESOP Plan 2016	Tranche II	16-May-16	15,000	-	5,000	10,000	4	108.11	225.00
ESOP Plan 2016	Tranche III	16-May-16	25,000	-	-	25,000	2	90.32	225.00
ESOP Plan 2016-II	Tranche I	19-Oct-16	23,70,000	-	20,000	23,50,000	4	119.65	255.00
ESOP Plan 2016-II	Tranche II	4-Nov-16	20,000	-	-	20,000	4	119.91	255.00
ESOP Plan 2016	Tranche IV	22-Mar-17	1,50,000	-	-	1,50,000	4	139.36	300.00
ESOP Plan 2016-II	Tranche III	22-Mar-17	3,67,000	-	-	3,67,000	4	139.36	300.00
ESOP Plan 2016	Tranche V	18-May-17	2,25,000	-	-	2,25,000	5	163.34	315.00
ESOP Plan 2017	Tranche I	18-May-17	14,28,500	-	-	14,28,500	6	176.42	315.00
ESOP Plan 2016	Tranche VI	26-Jul-17	70,000	-	25,000	45,000	5	173.12	328.00
ESOP Plan 2016-II	Tranche IV	26-Jul-17	2,50,000	-	-	2,50,000	5	173.12	328.00
ESOP Plan 2012	Tranche VII	12-Jan-18	7,500	-	-	7,500	6	228.61	437.00
ESOP Plan 2016	Tranche VII	12-Jan-18	34,000	-	-	34,000	6	228.61	437.00
ESOP Plan 2016-II	Tranche V	12-Jan-18	12,000	-	6,000	6,000	6	228.61	437.00
ESOP Plan 2017	Tranche II	12-Jan-18	5,70,000	-	7,500	5,62,500	6	228.61	437.00
ESOP Plan 2018	Tranche I	12-Jan-18	5,65,500	-	17,000	5,48,500	6	228.61	437.00
ESOP Plan 2018	Tranche II	29-Mar-18	9,83,000	-	-	9,83,000	7	243.07	428.05

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

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

ESOP Plan	Tranch	Dividend yield (%)	Expected volatility	Risk-free interest rate	Weighted average share price (₹)	Exercise price (₹)	Expected life of options granted in years
ESOP Plan 2012	Tranche I	0%	0.5811	8.00%	Nil	140.00	1
ESOP Plan 2012	Tranche II	0%	0.5765	8.00%	Nil	145.00	2
ESOP Plan 2012	Tranche III	0%	0.5709	8.00%	Nil	145.10	NA
ESOP Plan 2012	Tranche IV	0%	0.5671	8.00%	Nil	147.24	NA

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

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:

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax as reported	2,24,37,20,076	2,10,79,54,322
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	12,85,76,819	16,60,09,820
Proforma profit after tax	2,11,51,43,257	1,94,19,44,502
Earnings Per Share		
Basic		
- As reported	28.53	28.69
- Proforma	26.89	26.43
Diluted		
- As reported	25.74	26.31
- Proforma	24.27	24.24

NOTE 25 - RELATED PARTY DISCLOSURE

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

Holding Company	Indostar Capital (Mauritius)
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Names of other related parties:

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

(Amount in ₹)

Name of related party & nature of relationship	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
		Audited	Audited
Key managerial personnel			
R. Sridhar	Investment in share capital	31,74,600	-
	Securities premium	9,68,25,300	-
	Remuneration paid	2,62,92,991	-
	Expenses reimbursed	4,10,918	-
Vimal Bhandari	Remuneration paid	36,02,195	3,34,63,652
	Expenses reimbursed	76,431	6,91,660
Shailesh Shirali	Remuneration paid	2,02,94,988	5,21,39,372

II. Balance as at year end

(Amount in ₹)

Name of related party & nature of relationship	Particulars	As at	As at
		March 31, 2018	March 31, 2017
		Audited	Audited
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	71,10,26,350	71,10,26,350
	Securities premium	8,53,23,16,200	8,53,23,16,200
Key managerial personnel			
R. Sridhar	Investment in share capital	31,74,600	-
	Securities premium	9,68,25,300	-
Vimal Bhandari	Investment in share capital	43,14,580	43,14,580
	Securities premium	5,17,74,960	5,17,74,960
Shailesh Shirali	Investment in share capital	26,36,150	26,36,150
	Securities premium	3,16,33,800	3,16,33,800

NOTE 26- CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Contingent liabilities:		
Corporate guarantee given by Company to banks	76,65,24,410	62,90,80,000
Pending Litigation with Income Tax Authorities	-	-
Capital and other commitments:		
Estimated amount of contracts remaining to be executed on capital account	12,12,62,325	-
Loans sanctioned not yet disbursed	8,54,43,62,508	3,12,44,04,852

NOTE 27- LEASES

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are ₹ 76,750,762. The non-cancellable operating lease agreements are for a period of 11 months to 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

(Amount in ₹)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
		Audited
Minimum Lease Payments:		
Not later than one year	8,72,47,431	5,22,70,004
Later than one year but not later than five years	27,50,28,146	16,91,09,622
Later than five years		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

NOTE 28 - DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS PER MSMED ACT, 2006

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

(Amount in ₹)

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

NOTE 29 - Subsequent to the year ended March 31, 2018, the Company has completed an Initial Public Offering (IPO) of 32,237,762 equity shares at ₹ 572 per share, out of which :

- 1,22,37,762 equity shares of ₹ 10 each were allotted as fresh issue of equity shares at premium of ₹ 562 per share.
- 2,00,00,000 equity shares of ₹ 10 each were offered for sale by the existing shareholders at premium of ₹ 562 per share.

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

NOTE 30 - Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets minus total liabilities

(Amount in ₹)

Particulars	As at March 31, 2018		As at March 31, 2017	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	100.41%	21,45,99,32,046	99.88%	19,00,41,55,834
Subsidiaries				
IndoStar Home Finance Private Limited	2.36%	50,40,97,829	0.55%	10,53,23,268
IndoStar Asset Advisory Private Limited	0.03%	73,30,619	0.10%	1,81,61,417
Minority Interest	0.00%	-	0.00%	-
Less: Inter-company eliminations	(2.81%)	(60,01,00,000)	(0.53%)	(10,01,00,000)
Total	100.00%	21,37,12,60,494	100.00%	19,02,75,40,519

Share of Profit or Loss

(Amount in ₹)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Profit or Loss	Amount
Parent				
IndoStar Capital Finance Limited	104.99%	2,35,57,76,312	99.17%	2,09,03,78,141
Subsidiaries				
IndoStar Home Finance Private Limited	(4.51%)	(10,12,25,438)	0.20%	42,63,262
IndoStar Asset Advisory Private Limited	(0.48%)	(1,08,30,798)	0.63%	1,33,12,919
Minority Interest	0.00%	-	0.00%	-
Total	100.00%	2,24,37,20,076	100.00%	2,10,79,54,322

NOTE 31- PREVIOUS YEARS COMPARATIVE

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

As per our report of even date

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

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

per Jayesh Gandhi
Partner
Membership No. 037924

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 30, 2018

Place: Mumbai
Date: May 30, 2018

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

1	Sl. No.	1	2
2	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
3	The date since when subsidiary was acquired	-	-
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1 April 2017 to 31 March 2018	1 April 2017 to 31 March 2018
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR
6	Share capital	Authorised Capital: INR 10,00,000 Paid Up Capital: INR 1,00,000	Authorised Capital: INR 70,00,00,000 Paid Up Capital: INR 60,00,00,000
7	Reserves & surplus	INR 72,30,619	INR (9,59,02,171)
8	Total Assets	INR 1,75,32,512	INR 60,60,86,322
9	Total Liabilities	INR 1,75,32,512	INR 60,60,86,322
10	Investments	Nil	Nil
11	Turnover	INR 60,07,635	INR 2,90,47,811
12	Profit/(loss) before taxation	INR (1,08,38,304)	INR (10,12,25,438)
13	Provision for taxation	INR (7,506)	INR Nil
14	Profit/(loss) after taxation	INR (1,08,30,798)	INR (10,12,25,438)
15	Proposed Dividend	Nil	Nil
16	Extent of shareholding (in percentage)	100% by IndoStar Capital Finance Limited	100% by IndoStar Capital Finance Limited

Notes:

1. There were no subsidiaries which have been liquidated or sold during the year.

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

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

Dhanpal Jhaveri
Chairman
DIN: 02018124

Place: Mumbai
Date: May 30, 2018

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary





INDOSTAR

LIFE KA TAKE-OFF

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