

INDEPENDENT AUDITOR'S REPORT

To the Members of Indostar Capital Finance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Indostar Capital Finance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

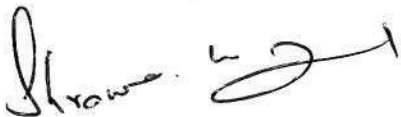
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have 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 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E



per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 22, 2014



**Annexure referred to in paragraph 4 of our report of even date
Re: Indostar Capital Finance Private Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial portion of fixed assets during the year.
- (ii) The Company's business does not involve inventories and accordingly the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct major weakness in internal control system of the Company in respect of these areas.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

4

S R B C & CO LLP

Chartered Accountants

- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance, wealth tax, investor education and protection fund, sales tax, custom duty and excise duty 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, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been deployed in liquid investments payable on demand. The maximum amount of idle/surplus funds invested during the year was Rs 1,450,000,000 of which Rs Nil was outstanding at the end of the year.
- 4 (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

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- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has issued 1,850 secured debentures of Rs. 1,000,000 each during the period covered by our audit report. The Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S R B C & Co LLP
Firm registration number: 324982E
Chartered Accountants



per Shrawan Jalan
Partner
Membership No.:102102



Place: Mumbai
Date: May 22, 2014

IndoStar Capital Finance Private Limited
Balance Sheet as at March 31, 2014

Amount in Rupees

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	683,227,320	684,366,783
(b) Reserves and surplus	4	10,673,291,831	9,565,245,009
		11,356,519,151	10,249,611,792
(2) Non-current liabilities			
(a) Long-term borrowings	5	11,915,701,060	7,091,450,216
(b) Other Long term liabilities	6	578,132,245	127,998,621
(c) Long term provisions	7	108,974,249	82,873,771
		12,602,807,554	7,302,322,608
(3) Current liabilities			
(a) Short-term borrowings	8	1,668,424,475	1,337,581,897
(b) Trade payables (Refer note 27)		2,662,293	19,494,649
(c) Other current liabilities	6	5,947,898,998	3,085,636,585
(d) Short-term provisions	7	29,704,094	76,198,708
		7,648,689,860	4,518,911,839
Total		31,608,016,565	22,070,846,239
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		9,615,943	17,619,865
(ii) Intangible assets		1,237,725	-
(iii) Intangible assets under development		-	371,630
(b) Non-current investments	10	608,500,000	650,000,000
(c) Deferred tax assets (net)	11	81,302,957	38,493,575
(d) Long term loans and advances	12	21,368,098,987	12,983,055,723
(e) Other non-current assets	13	104,048,513	49,651,622
		22,172,804,125	13,739,192,415
(2) Current assets			
(a) Current investments	14	-	493,457,000
(b) Cash and bank balances	15	4,681,700,721	2,820,978,471
(c) Short-term loans and advances	12	4,495,639,780	4,785,388,104
(d) Other current assets	13	257,871,939	231,830,249
		9,435,212,440	8,331,653,824
Total		31,608,016,565	22,070,846,239

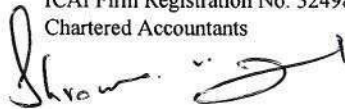
Significant Accounting Policies

2.1

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

As per our report of even date.

For SRBC & Co LLP
ICAI Firm Registration No. 324982E
Chartered Accountants



per Shrawan Jalan
Partner
Membership No. 102102



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



Vimal Bhandari
MD & CEO



Rajesh Mehta
Director



Pankaj Thapar
Chief Financial Officer



Jitendra Bhati
Company Secretary

Mumbai
May 22, 2014

Mumbai
May 22, 2014

IndoStar Capital Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note No.	For Year Ended March 31, 2014	For Year Ended March 31, 2013
Income			
Revenue from operations	16	3,945,636,099	2,334,354,444
Other income	17	23,410,335	81,423,097
Total		3,969,046,434	2,415,777,541
Expenditure			
Employee benefit expenses	18	251,912,848	223,158,837
Finance cost	19	1,918,853,189	758,646,143
Depreciation and amortisation	9	8,713,800	7,723,440
Other expenses	20	83,522,398	101,781,715
Provisions	21	13,541,381	27,593,350
Total		2,276,543,616	1,118,903,485
Profit before taxation		1,692,502,818	1,296,874,056
Provision for taxation			
Current tax		613,950,379	398,531,457
Deferred tax asset	11	(42,809,382)	(2,600,510)
Total tax expense		571,140,997	395,930,947
Net profit after taxes		1,121,361,821	900,943,109
Earnings per share			
Basic (Rs.)	22	16.34	13.13
Diluted (Rs.)		16.34	13.13
Nominal value of equity share (Rs.)		10	10

Significant Accounting Policies

2.1

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

As per our report of even date

For S R B C & Co LLP
 ICAI Firm Registration No. 324982E
 Chartered Accountants

Shrawan Jalan

per Shrawan Jalan
 Partner
 Membership No. 102102



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

Vimal Bhandari
 Vimal Bhandari
 MD & CEO

Rajesh Mehta
 Rajesh Mehta
 Director

Pankaj Thapar
 Pankaj Thapar
 Chief Financial Officer

Jitendra Bhati
 Jitendra Bhati
 Company Secretary

Mumbai
 May 22, 2014

Mumbai
 May 22, 2014

IndoStar Capital Finance Private Limited
Cash Flow Statement for the year ended March 31, 2014

Particulars	<i>Amount in Rupees</i>	
	For Year Ended March 31, 2014	Year Ended March 31, 2013
A. Cash flow from operating activities		
Profit before taxes	1,692,502,818	1,296,874,056
Depreciation and amortisation	8,713,800	7,723,440
Provisions for non performing assets	19,384,975	-
Provisions for standard assets	(5,843,594)	27,593,350
Provision for gratuity	(341,763)	(314,762)
Provision for leave encashment	(82,676)	437,362
Operating profit before working capital changes	1,714,333,560	1,332,313,446
Movements in working capital:		
Increase / (decrease) in trade payables	(16,832,356)	(38,488,096)
Increase / (decrease) in other liabilities	3,312,396,037	3,165,030,180
Decrease / (increase) in loans and advances	(8,109,749,403)	(9,054,271,189)
Decrease / (increase) in other assets	(80,438,580)	(243,189,604)
Cash generated from operations	(3,180,290,742)	(4,838,605,263)
Direct taxes paid (net of refunds)	(647,461,457)	(365,089,816)
Net cash flow from / used in operating activities (A)	(3,827,752,199)	(5,203,695,079)
B. Cash flows from investing activities		
Purchase of fixed including intangible assets	(1,581,090)	(5,955,673)
Proceeds from sale of fixed assets	5,117	-
Repayments from fixed income debt instruments	41,600,000	-
Purchase of debt mutual fund units & fixed income debt instruments	(13,955,140,000)	(27,758,624,915)
Sale of debt mutual fund units & fixed income debt instruments	14,448,497,000	27,905,820,803
Net cash used in investing activities (B)	533,381,027	141,240,215
C. Cash Flows from financing activities		
Amount received from issue of commercial papers	330,842,578	344,238,470
Term loans from banks	3,469,414,383	4,441,450,216
Amount received on issue of NCDs	1,354,836,461	2,650,000,000
Net cash from financing activities (C)	5,155,093,422	7,435,688,686
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,860,722,250	2,373,233,822
Cash and Cash Equivalents at the beginning of the year	2,820,978,471	447,744,649
Cash and Cash Equivalents at the end of the year	4,681,700,721	2,820,978,471
Components of Cash and Cash Equivalents	For Year Ended March 31, 2014	Year Ended March 31, 2013
Cash and Cash Equivalents at the end of the year		
i) Cash on hand	-	508
ii) Balances with scheduled banks in:		
Current accounts	1,151,700,721	122,421,783
Deposits with original maturity of less than three months	3,115,000,000	2,498,556,180
Deposits with original maturity of more than three months but less than six months	415,000,000	200,000,000
Total cash and cash equivalents	4,681,700,721	2,820,978,471

As per our report of even date

For SRBC & Co LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

Shrawan

per Shrawan Jalan
Partner
Membership No. 102102

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

Vimal Bhandari
Vimal Bhandari
MD & CEO

Rajesh Mehta
Rajesh Mehta
Director

Pankaj Thapar
Pankaj Thapar
Chief Financial Officer

Jitendra Bhat
Jitendra Bhat
Company Secretary

Mumbai
May 22, 2014

Mumbai
May 22, 2014



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

1.	Corporate Information															
	IndoStar Capital Finance Private Limited (formerly known as R V Vyapaar Private Limited) ('the Company') was incorporated on 21st July 2009. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-05.06857 dated June 17, 2010 (issued in the name of R V Vyapaar Private Limited). The Company is primarily engaged in Loans business. The Company has filed an application with the RBI to change the name in the Certificate of Registration to IndoStar Capital Finance Private Limited on November 24, 2010, and the same is not received till the balance sheet date.															
2.	Basis of preparation															
	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 Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the 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 12 months from the date of financial statements are classified as current and other assets / liabilities are classified as non current.															
(b)	Use of estimates															
	The preparation of financial statements 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 year end. 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)	Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment															
	<p>Tangible Fixed Assets</p> <p>Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use.</p> <p>Depreciation on tangible fixed assets</p> <p>Depreciation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful lives of the respective fixed assets and are greater than and equal to the corresponding rates prescribed in Schedule XIV of the Act. The rates used are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">Rates (SLM)</th> <th style="text-align: center;">Schedule XIV rates</th> </tr> </thead> <tbody> <tr> <td>Furniture and Fixtures</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">6.33%</td> </tr> <tr> <td>Office Equipments</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td>Office Equipments - Mobiles</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">16.21%</td> </tr> <tr> <td>Computers</td> <td style="text-align: center;">33.33%</td> <td style="text-align: center;">16.21%</td> </tr> </tbody> </table> <p>Leasehold improvement is amortised on Straight Line Method over the lease term. All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation.</p> <p>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. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of profit and loss account till the date of sale.</p>	Particulars	Rates (SLM)	Schedule XIV rates	Furniture and Fixtures	20%	6.33%	Office Equipments	20%	4.75%	Office Equipments - Mobiles	50%	16.21%	Computers	33.33%	16.21%
Particulars	Rates (SLM)	Schedule XIV rates														
Furniture and Fixtures	20%	6.33%														
Office Equipments	20%	4.75%														
Office Equipments - Mobiles	50%	16.21%														
Computers	33.33%	16.21%														
	<p>Intangible assets</p> <p>Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.</p>															



6

	<p>Impairment of assets</p> <p>The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p> <p>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.</p>
(d)	<p>Investments</p> <p>Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.</p>
(e)	<p>Provisioning / Write-off of assets</p> <p>Non performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India.</p>
(f)	<p>Loans</p> <p>Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.</p>
(g)	<p>Leases</p> <p><i>Where the Company is the lessee</i></p> <p>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.</p>
(h)	<p>Foreign currency translation</p> <p><i>Initial recognition</i></p> <p>Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.</p> <p><i>Conversion</i></p> <p>Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.</p> <p><i>Exchange differences</i></p> <p>All exchange differences are dealt with in the Statement of profit and loss account.</p>
(i)	<p>Revenue recognition</p> <p>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.</p> <ol style="list-style-type: none"> Income from financing activities is recognised on accrual basis. Interest income on fixed income debt instruments such as fixed deposits, certificate of deposits, non-convertible debentures and commercial papers is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities. Dividend is recognised as income when right to receive payment is established by the date of balance sheet. Profit/loss on the sale of investments is determined on the basis of the weighted average cost method. Origination fees is accounted upfront for as income when a significant portion of the arrangement is completed. The IRR portion of the fees collected, as per management estimate, is amortised over the tenure of the loan. Syndication fee / sell down fees is accounted upfront for as income when a significant portion of the arrangement/syndication is completed. Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.



(j)	<p>Retirement and other employee benefits</p> <p>Provident Fund All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.</p> <p>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.</p> <p>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.</p>
(k)	<p>Income tax</p> <p>Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.</p>
(l)	<p>Segment reporting policies</p> <p>The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.</p>
(m)	<p>Earnings per share</p> <p>Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.</p>
(n)	<p>Provisions</p> <p>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.</p>
(o)	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.</p>
(p)	<p>Borrowing costs</p> <p>Borrowing cost includes interest and are charged to Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.</p>
(q)	<p>Contingent liabilities</p> <p>A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.</p>



6

IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 3- Share capital

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Authorised 8,00,00,000 (March 31, 2013: 8,00,00,000) Equity Shares of Rs.10/- each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued & Subscribed Equity Shares 6,86,19,947 (March 31, 2013: 6,86,19,947) equity shares of Rs. 10/- each fully paid up	686,199,470	686,199,470
Less: 3,03,266 (March 31, 2013: 1,92,307) equity shares of Rs 10/- each fully paid up issued to employees through Indostar trust or held by Indostar trust	(3,032,661)	(1,923,070)
90,38,250 (March 31, 2013: 90,38,250) equity shares of Rs. 10/- each Rs 0.01 paid up per share	90,383	90,383
Less: 29,87,240 (March 31, 2013: Nil) equity shares of Rs 10/- each Rs.0.01 paid up issued to employees through Indostar trust or held by Indostar trust	(29,872)	-
Total	683,227,320	684,366,783

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	Numbers of shares	Amount in Rupees	Numbers of shares	Amount in Rupees
Shares outstanding at the beginning of the year	77,658,197	686,289,853	77,658,197	686,289,853
Issued during the period	-	-	-	-
	77,658,197	686,289,853	77,658,197	686,289,853
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar trust	-	(3,032,661)	-	(1,923,070)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar trust	-	(29,872)	-	-
Shares outstanding at the end of the year	77,658,197	683,227,320	77,658,197	684,366,783

b. Terms/rights attached to equity shares

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

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

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

Name of the shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs. 10/- each Indostar Capital (Mauritius) (Holding Company)	68,035,332	87.61	68,035,332	87.61

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

d. Shares reserved for issue under options

During the year, the Company has granted 10,000 (March 31,2013: 323,000) options to its employees and directors, under the Employee Stock Option Scheme ('ESOP'). The options have been granted at fair value as determined by Category I merchant banker and hence there is no charge in the books of accounts. No options have vested in the current financial year.



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 4- Reserves and Surplus

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
Securities Premium Account		
Balance as per last account	8,227,128,268	8,227,128,268
Less: Premium on equity shares issued to employees through Indostar Trust	(36,391,929)	(23,076,930)
Closing balance	8,190,736,339	8,204,051,338
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	286,612,825	106,424,203
Add: Transfer from Statement of profit and loss	224,272,364	180,188,622
Closing balance	510,885,189	286,612,825
Surplus in Statement of profit and loss		
Balance as per last account	1,074,580,846	353,826,359
Add: Profit for the current year	1,121,361,821	900,943,109
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(224,272,364)	(180,188,622)
Net surplus in the Statement of profit and loss	1,971,670,303	1,074,580,846
Total	10,673,291,831	9,565,245,009



Indostar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 5 - Long term borrowings

Amount in Rupees

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks Secured	7,910,864,599	4,897,735,571	4,441,450,216	2,614,231,602
Redeemable non convertible debentures Secured	4,004,836,461	500,000,000	2,650,000,000	-
Less: transferred to Other liabilities	-	(5,397,735,571)	-	(2,614,231,602)
Total	11,915,701,060	-	7,091,450,216	-

*Amount disclosed under the head Other liabilities

a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of Rs. 10,00,000/- each
Terms of repayment as on March 31, 2014

Redeemable within	Rate of interest >= 0% < 13%	
	Non-Current portion	Current Maturities
0-12 Months	-	500,000,000
12-24 Months	304,247,749	-
24-36 Months	2,000,000,000	-
36-48 Months	350,000,000	-
48-60 Months	1,200,588,712	-
Above 60 Months	150,000,000	-
Total	4,004,836,461	500,000,000

Nature of Security:

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

- (i) pari-passu (with banks and financial institutions which provide credit facilities to the Issuer) first charge on by way of hypothecation on the standard asset portfolio of receivables; and
- (ii) pari-passu first charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

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

(b) Term loan from bank:

Particulars - Bank Name	Disbursement from	Maturity Date	Rate of interest	Repayment details	As at March 31, 2014	
					Non-Current portion	Current Maturities
Axis Bank	27-Sep-12	24-Mar-16	>= 11% < 13%	12-Quarterly repayments	333,599,997	333,200,001
Axis Bank - TL II	29-Aug-13	28-May-17	>= 11% < 13%	12-Quarterly repayments	750,000,000	250,000,000
Bank of Baroda	30-Sep-13	31-Mar-18	>= 11% < 13%	16-Quarterly repayments	750,000,000	250,000,000
Bank of India	31-Oct-13	30-Apr-18	>= 11% < 13%	16-Quarterly repayments	1,218,750,000	281,250,000
Canara Bank	19-Aug-13	19-Mar-17	>= 11% < 13%	12-Quarterly repayments	666,666,667	333,333,333
Corporation Bank	11-Feb-13	25-Sep-16	>= 11% < 13%	12-Quarterly repayments	150,000,000	100,000,000
Development Credit Bank	27-Dec-13	51-Dec-15	>= 11% < 13%	7-Quarterly repayments	107,200,000	142,800,000
ICICI Bank	19-Jun-12	19-Jun-15	>= 11% < 13%	9-Quarterly repayments	90,909,091	363,636,364
Indian Overseas Bank	27-Mar-14	31-Mar-19	>= 11% < 13%	18-Quarterly repayments	888,888,889	111,111,111
IndusInd Bank	21-Mar-13	30-Nov-16	>= 11% < 13%	12-Quarterly repayments	175,000,000	400,000,000
ING Vvysa Bank	30-Jun-13	30-Jun-16	>= 11% < 13%	12-Quarterly repayments	208,333,333	166,666,667
Kotak Bank	15-Nov-12	15-Nov-14	>= 11% < 13%	7-Quarterly repayments	-	166,071,430
Kotak Mahindra - TL II	16-Sep-13	16-Sep-16	>= 11% < 13%	12-Quarterly repayments	249,999,953	166,666,667
Punjab National Bank	31-Dec-12	13-Sep-16	>= 11% < 13%	12-Quarterly repayments	466,666,667	333,333,333
State Bank of Bikaner and Jaipur	8-Jul-13	8-Jan-17	>= 11% < 13%	12-Quarterly repayments	333,333,333	166,666,667
State Bank of Hyderabad	30-Mar-13	30-Sep-16	>= 11% < 13%	12-Quarterly repayments	250,000,000	166,666,667
State Bank of India	3-Aug-12	3-Feb-16	>= 11% < 13%	12-Quarterly repayments	667,200,000	666,400,000
State Bank of Mysore	17-Nov-12	17-May-16	>= 11% < 13%	12-Quarterly repayments	104,050,005	83,399,997
State Bank of Patiala	28-Sep-12	28-Mar-16	>= 11% < 13%	12-Quarterly repayments	333,599,997	333,200,001
The Federal Bank	19-Aug-13	19-Feb-17	>= 11% < 13%	12-Quarterly repayments	166,666,667	83,333,333
Total					7,910,864,599	4,897,735,571

Nature of Security:

Pari-passu (with banks and financial institutions which provide credit facilities to the Issuer) first charge on by way of hypothecation on the standard asset portfolio of receivables of Rs 1,72,45,36,13,700/-.



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 6- Other liabilities

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-Current	Current	Non-Current	Current
	<i>Amount in Rupees</i>			
Deposits from clients	452,450,030	-	93,100,000	100,000,000
Unamortised fees	125,682,215	62,049,379	34,898,621	25,749,473
Interest accrued but not due on loans	-	397,238,740	-	264,400,479
TDS Payable	-	5,192,483	-	30,044,677
Statutory Liabilities Payable	-	352,825	-	365,505
Current maturities of long term debts (Refer Note 5)	-	5,397,735,571	-	2,614,231,602
Others	-	85,330,000	-	50,844,849
Total	578,132,245	5,947,898,998	127,998,621	3,085,636,585

Note 7- Provisions

Particulars	As at March 31, 2014		As at March 31, 2013	
	Long term	Short term	Long term	Short term
	<i>Amount in Rupees</i>			
For employee benefit				
For gratuity	-	262,365	-	604,128
For leave encashment and availment	926,326	50,587	-	1,059,589
For Others				
For non-performing assets	19,384,975	-	-	-
For standard assets	88,662,948	19,366,976	38,990,355	14,883,163
For General contingency provision (Refer Note 28)	-	-	43,883,416	16,116,584
For income tax	-	10,024,166	-	43,535,244
[net of advance tax Rs. 1,09,61,35,680 (March 31, 2013: Rs. 44,86,74,224)]				
Total	108,974,249	29,704,094	82,873,771	76,198,708

Note 8- Short term borrowing

Particulars	Amount in Rupees	
	As at March 31, 2014	As at March 31, 2013
Unsecured Loan		
Commercial papers		
i) From banks	1,000,000,000	-
ii) other than banks	750,000,000	1,350,000,000
Less: Unamortised discount	(81,575,525)	(12,418,103)
Total	1,668,424,475	1,337,581,897



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 9- Fixed assets

Particulars	Tangible Assets						Intangible Assets	Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
Gross Block								
As at April 1, 2012	-	4,059,875	1,524,227	2,792,684	13,457,589	21,834,375	-	21,834,375
Additions	1,505,100	457,091	203,830	416,964	2,995,862	5,578,847	-	5,578,847
Deletions	-	-	-	-	-	-	-	-
As at March 31, 2013	1,505,100	4,516,966	1,728,057	3,209,648	16,453,451	27,413,222	-	27,413,222
Additions	-	137,544	328,656	-	-	466,200	1,486,520	1,952,720
Deletions	-	-	15,250	441,360	-	456,610	-	456,610
As at March 31, 2014	1,505,100	4,654,510	2,041,463	2,768,288	16,453,451	27,422,812	1,486,520	28,909,332
Depreciation								
As at April 1, 2012	-	248,994	141,475	199,713	1,484,931	2,075,113	-	2,075,113
Additions	-	1,084,413	454,332	576,646	5,608,049	7,723,440	-	7,723,440
Deletions	-	-	-	5,196	-	5,196	-	5,196
As at March 31, 2013	-	1,333,407	595,807	771,163	7,092,980	9,793,357	-	9,793,357
Additions	-	1,536,880	442,792	877,521	5,607,812	8,465,005	248,795	8,713,800
Deletions	-	-	10,133	441,360	-	451,493	-	451,493
As at March 31, 2014	-	2,870,287	1,028,466	1,207,324	12,700,792	17,806,869	248,795	18,055,664
Net Block								
As at March 31, 2013	1,505,100	3,183,559	1,132,250	2,438,485	9,360,471	17,619,865	-	17,619,865
As at March 31, 2014	1,505,100	1,784,223	1,012,997	1,560,964	3,752,659	9,615,943	1,237,725	10,853,668



Indostar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 10 - Non-current investments

Amount in Rupees

Particulars	As at March 31, 2014			As at March 31, 2013		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Unquoted - Equity shares						
Investment in wholly owned subsidiaries						
IndoStar Asset Advisory Private Limited (Purchased 10,000 share of Face value of Rs. 10/- each during the year)	10	1,000	100,000	-	-	-
Quoted - Investments in debentures						
Indrajit Power Private Limited	936,000	650	608,400,000	1,000,000	650	650,000,000
Total		1,650	608,500,000		650	650,000,000
Aggregate Value of Quoted Investments						
Cost of acquisition			608,500,000			650,000,000
Market value			608,500,000			650,000,000



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 11- Deferred tax assets (net)

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance	38,493,575	35,893,065
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	3,387,758	1,029,575
Provision for standard assets	(1,986,238)	8,952,662
Origination fees unamortised	43,069,057	12,750,222
Provision for gratuity	30,442	352,484
Provision for leave encashment	-	141,902
Provision for non performing assets	6,588,953	-
Total (A)	51,089,972	23,226,845
Deferred tax liability created during the year		
Provision for leave encashment	(28,102)	-
Borrowing costs amortisation	(8,252,488)	(20,626,335)
Total (B)	(8,280,590)	(20,626,335)
Net deferred tax for the year (A-B)	42,809,382	2,600,510
Closing balance	81,302,957	38,493,575



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 12- Loans and advances

Amount in Rupees

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	4,583,548	-	4,591,048	-
Secured, considered good				
Hypothecation loans	9,781,900,999	3,184,273,437	7,582,317,738	3,496,802,814
Debentures	10,302,386,726	308,598,581	5,343,199,570	93,000,000
Short term loans	-	250,000,000	-	-
Secured, considered doubtful				
Hypothecation loans	193,849,748	-	-	-
Unsecured, considered good				
Hypothecation loans	1,000,000,000	-	-	-
Debentures	-	99,566,000	-	-
Short term loans	-	600,000,000	-	1,150,000,000
Others	-	-	6,750,000	7,250,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	271,597	-	2,084,993
Prepaid expenses	85,377,966	52,571,436	46,197,367	35,691,190
Service tax (input credit)	-	189,420	-	356,706
Others	-	169,309	-	202,401
Total	21,368,098,987	4,495,639,780	12,983,055,723	4,785,388,104

Note 13- Other assets

Amount in Rupees

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	12,789,244	-	18,728,937
Interest accrued but not due on loans	104,048,513	228,151,914	49,651,622	203,867,427
Interest accrued on fixed deposits with banks	-	16,930,781	-	9,233,885
Total	104,048,513	257,871,939	49,651,622	231,830,249



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 14 - Current investments

Amount in Rupees

Particulars	Face value	Quantity		Amount	
		As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
At Cost or fair value whichever is lower					
Investment in Certificate of deposits - Unquoted ING Vysya Bank	5,000	-	98,691.40	-	493,457,000
Total				-	493,457,000
Aggregate Value of Unquoted Investments Cost of acquisition				-	493,457,000

Notes 15- Cash and bank balances

Amount in Rupees

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Balances with scheduled banks in:				
Current accounts	-	1,151,700,721	-	122,421,783
Deposits with original maturity of less than three months	-	3,115,000,000	-	2,498,556,180
Deposits with original maturity of more than three months but less than six months	-	415,000,000	-	200,000,000
ii) Cash on hand	-	-	-	508
Total	-	4,681,700,721	-	2,820,978,471



66



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 16- Revenue from operations

Amount in Rupees

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income on:		
- loan portfolio and related charges	3,259,704,416	1,896,795,392
- deposits with banks	268,244,088	123,994,247
- fixed income debt instruments	106,025,870	18,678,449
Other financial services:		
- origination fees	283,133,664	211,881,803
- syndication & sell down fees	28,528,061	75,182,655
- gain on sale of fixed income debt instruments (net)	-	7,821,898
Total	3,945,636,099	2,334,354,444

Note 17- Other income

Amount in Rupees

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Dividend from debt mutual fund units	23,361,256	79,492,741
Miscellaneous income	49,079	1,930,356
Total	23,410,335	81,423,097

Note 18- Employee benefit expenses

Amount in Rupees

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, other allowances and bonus	246,231,152	217,479,385
Gratuity expenses	89,561	1,086,406
Leave encashment	365,442	437,362
Contribution to provident and other funds	4,337,977	3,535,763
Staff welfare expenses	888,716	619,921
Total	251,912,848	223,158,837

Note 19- Finance cost

Amount in Rupees

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense on		
Debtentures	424,116,527	250,728,423
Deposits with clients	35,154,050	8,043,921
Loans from banks	1,225,011,396	382,109,150
Commercial paper	168,575,678	87,827,220
Other borrowing costs		
Processing charges on loans	39,046,827	20,839,389
Other related costs	26,948,711	9,098,040
Total	1,918,853,189	758,646,143



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 20- Other expenses

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Rent	17,723,630	17,755,134
Rates & taxes	12,282,284	3,875,453
Printing & stationery	536,636	643,748
Travelling & conveyance	3,179,768	6,548,136
Advertisement	1,011,859	141,677
Business meeting	490,808	696,544
Business Promotion	1,723,526	1,250,331
Conference charges	706,772	1,005,507
Commission & brokerage	-	22,174,762
Office expenses	12,126,888	14,321,764
Directors' sitting fees	975,114	635,562
Insurance	1,429,263	239,973
Communication expenses	1,199,522	1,132,520
Payment to auditor		
- Audit fees	1,504,919	1,195,580
- Tax audit fees	265,450	159,270
- Other services	359,883	855,918
- Out of pocket	22,990	34,774
Bank charges	1,250,821	291,436
Legal & professional charges	21,542,046	26,916,547
Loss on sale of investments	3,326,374	-
Membership & subscriptions	1,863,845	1,906,940
Miscellaneous expenses	-	139
Total	83,522,398	101,781,715

Note 21- Provisions

Amount in Rupees

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
General contingency provision (Refer Note 28)	(60,000,000)	-
Provision for standard assets	54,156,406	27,593,350
Provision for non-performing assets	19,384,975	-
Total	13,541,381	27,593,350



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 22- Earnings per share

Amount in Rupees except for no. of equity shares

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Net Profit after tax as per profit and loss account Amount in Rupees (A)	1,121,361,821	900,943,109
Weighted average number of equity shares for calculating Basic EPS (B)	68,628,985	68,628,985
Weighted average number of equity shares for calculating Diluted EPS (C)	68,628,985	68,628,985
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	16.34	13.13
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	16.34	13.13

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Weighted average number of equity shares for calculating Basic / Diluted EPS	68,628,985	68,628,985



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

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.

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

Profit and loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Amount in Rupees	
	March 31, 2014	March 31, 2013
Current service cost	953,394	1,109,859
Interest cost on benefit obligation	159,525	79,943
Expected return on plan assets	(149,619)	(63,053)
Net actuarial (gain) / loss recognised in the year	(842,146)	(40,343)
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	(31,593)	-
Net benefit expense	89,561	1,086,406

Balance sheet

Details of Provision for gratuity

Particulars	Amount in Rupees	
	March 31, 2014	March 31, 2013
Defined benefit obligation	(2,277,797)	(2,019,308)
Fair value of plan assets	2,015,432	1,415,180
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(262,365)	(604,128)

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

Particulars	Amount in Rupees	
	March 31, 2014	March 31, 2013
Opening defined benefit obligation	2,019,309	918,891
Interest cost	159,525	79,943
Current service cost	953,393	1,109,859
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(854,430)	(89,384)
Closing defined benefit obligation	2,277,797	2,019,309

The Company would not contribute any amount to gratuity in 2011-12 as the scheme is unfunded.

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

Particulars	March 31, 2014	March 31, 2013
Investments with insurer	2,015,432	1,446,773

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

Particulars	March 31, 2014	March 31, 2013
Discount Rate	9.10%	8.20%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

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

*5% at younger ages reducing to 1% at older ages

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

Particulars	Amount in Rupees				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	2,277,797	2,019,308	918,890	-	-
Plan assets	2,015,432	1,415,180	-	-	-
Surplus / (deficit)	(262,365)	(604,128)	(918,890)	-	-
Experience adjustments on plan liabilities	(632,462)	(208,423)	(429,171)	(452,620)	-
Experience adjustments on plan assets	12,284	49,041	-	-	-



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 24 - Related party disclosure

Names of related parties and related party relationships

Holding Company	Indostar Capital (Mauritius)
Subsidiary Company	IndoStar Asset Advisory Private Limited
Key Managerial Personnel	Vimal Bhandari - MD & CEO Sanjay Hinduja** - Wholetime Director Sandeep Baid* - Wholetime Director Shailesh Shirali - Wholetime Director
Relatives of Key Managerial Personnel	There are no transactions, and hence not reported

** till 31 August 2013

* till 14th March 2013

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

Amount in Rupees

Name of related party & nature of relationship	Particulars	As at March 31, 2014	As at March 31, 2013
Key managerial personnel			
Vimal Bhandari	Remuneration paid	39,939,375	34,149,507
	Expenses reimbursed	770,482	1,231,451
Sanjay Hinduja	Remuneration paid	7,711,533	24,641,051
	Expenses reimbursed	31,852	166,281
Sandeep Baid	Remuneration paid	-	15,616,480
	Expenses reimbursed	-	10,684
Shailesh Shirali	Remuneration paid	39,149,499	19,158,975
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	100,000	-
	Reimbursement of preliminary expenses	30,500	-

II. Balance as at year end

Amount in Rupees

Name of related party & nature of relationship	Particulars	As at March 31, 2014	As at March 31, 2013
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	680,353,320	680,353,320
	Securities premium	8,164,239,840	8,164,239,840
Key managerial personnel			
Vimal Bhandari	Investment in share capital	2,314,552	2,314,552
	Securities premium	27,692,280	27,692,280
Sanjay Hinduja	Investment in share capital	-	1,805,383
	Securities premium	-	8,499,960
	Receivable	-	1,333,333
Shailesh Shirali	Investment in share capital	23,077	23,077
Subsidiary Company			
Indostar Asset Advisory Private Limited	Investment in subsidiary	100,000	-



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 25- Contingent liabilities and Commitments

Amount in Rupees

Capital and other commitments	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital account	-	550,000
Loans sanctioned not yet disbursed	1,088,078,918	2,047,952,377

Note 26- Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 1,77,23,630 (March 31, 2013: Rs. 1,77,55,134). The non-cancellable operating lease agreements are for a period of 36 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
<u>Minimum Lease Payments:</u>		
Not later than one year	11,027,896	16,541,844
Later than one year but not later than five years	-	11,027,896
Later than five years	-	-

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

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

Amount in Rupees

Particulars	As at March 31, 2014	As at March 31, 2013
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Note 28 - General Contingency Provision

The Company has reassessed the general contingency provision and on reassessment it has been reversed in the current year.

Note 29 - Capital to Risk Assets Ratio Disclosure

Particulars	As at March 31, 2014	As at March 31, 2013
(i) CRAR (%)	41.45	50.19
(ii) CRAR – Tier I capital (%)	41.05	49.64
(iii) CRAR – Tier II capital (%)	0.39	0.55



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 30- Asset liability management

	<i>Amount in Rupees</i>							
	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	341,666,667	313,640,475	647,375,758	1,179,766,235	2,415,286,436	6,664,336,868	1,246,527,731	-
Market borrowings	-	-	246,053,750	490,216,484	1,432,154,242	2,304,247,749	1,550,588,712	150,000,000
Assets:								
Loans & advances	347,587,447	191,472,427	423,688,106	1,349,338,553	2,130,351,485	16,545,541,939	4,151,392,760	581,202,774
Investments	-	-	-	31,200,000	31,200,000	166,400,000	379,700,000	-



66



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Note 31- Exposure to real estate sector

Amount in Rupees

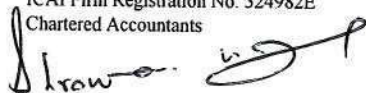
Category		As at March 31, 2014	As at March 31, 2013
A	Direct exposure		
	i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakhs may be shown separately)	-	-
	ii. Commercial 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; Investments in Mortgage Backed Securities (MBS) and other securitised exposures	1,697,409,103	942,334,653
	- Residential	Nil	Nil
	-Commercial Real Estate	Nil	Nil
B	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

Note 32- Previous years comparative

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

As per our report of even date

For SRBC & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants



per Shrawan Jalan
Partner
Membership No. 102102

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



Vimal Bhandari
MD & CEO

Rajesh Mehta
Director



Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Mumbai
May 22, 2014

Mumbai
May 22, 2014



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

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

Particulars		As at March 31, 2014		
		<i>Amount in Rupees</i>		
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	4,835,673,922	-	
	: Unsecured	-	-	
	(b) Deferred Credits	-	-	
	(c) Term Loans	12,870,331,559	-	
	(d) Inter-corporate loans and borrowing	-	-	
	(e) Commercial Paper	1,668,424,475	-	
	(f) Public Deposits (Refer Note 1 below)	-	-	
(g) Other Loans	-	-		
(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	-	23,577,159,743	
	(b) Unsecured	-	1,600,000,000	
(4)	Break up of Leased Assets and stock on hire counting towards AFC activities	Amount outstanding		
	(i) Lease assets including lease rentals under sundry debtors :	-	-	
	(a) Financial lease	-	-	
	(b) Operating lease	-	-	
	(ii) Stock on Hire including hire charges under sundry debtors :	-	-	
	(a) Assets on hire	-	-	
	(b) Repossessed Assets	-	-	
	(iii) Other loans counting towards AFC Activities :	-	-	
	(a) Loans where assets have been repossessed	-	-	
	(b) Loans other than (a) above	-	-	
	(5)	Break-up of Investments :	Amount outstanding	
		Current Investments :	-	-
		1. Quoted :	-	-
(I) Shares : (a) Equity		-	-	
(b) Preference		-	-	
(ii) Debenture and Bonds		-	-	
(iii) Units of mutual funds		-	-	
(iv) Government Securities		-	-	
(v) Others (Please specify)		-	-	
2. Unquoted :		-	-	
(I) Shares: (a) Equity		-	-	
(b) Preference		-	-	
(ii) Debentures and Bonds		-	-	
(iii) Units of mutual funds		-	-	
(iv) Government Securities		-	-	
(v) Others: Certificates of deposit		-	-	
Long Term investments :		-	-	
1. Quoted :		-	-	
(I) Shares : (a) Equity		-	-	
(b) Preference		-	-	
(ii) Debentures and Bonds		608,400,000	-	
(iii) Units of mutual funds		-	-	
(iv) Government Securities		-	-	
(v) Others (Please specify)	-	-		
2. Unquoted :	-	-		
(I) Shares: (a) Equity	100,000	-		
(b) Preference	-	-		
(ii) Debentures and Bonds	-	-		
(iii) Units of mutual funds	-	-		
(iv) Government Securities	-	-		
(v) Others	-	-		



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

(6)	Borrower group-wise classification of assets, financed as in (3) and (4) above : Please see Note 2 below		
	Category	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	23,577,159,743	1,600,000,000
			25,177,159,743
(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		
	Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
			<i>Amount in Rupees</i>
	1. Related Parties **		
	(a) Subsidiaries	100,000	100,000
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2. Other than related parties	608,400,000	608,400,000
(8)	Other information		
	Particulars	Amount in Rupees	
	(i) Gross Non-Performing Assets		
	(a) Related parties**	-	
	(b) Other than related parties	193,849,748	
	(ii) Net Non-Performing Assets		
	(a) Related parties**	-	
	(b) Other than related parties	174,464,773	
	(iii) Assets acquired in satisfaction of debt	-	

Notes :

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
3. 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.



IndoStar Capital Finance Private Limited
Notes forming part of the financial statements for the year ended March 31, 2014

Statement pursuant to Section 212 of the Companies Act, 1956

Name of the Subsidiary Company	Financial year ending of the subsidiary	Number of equity shares held	Extend of holding	Profit/(loss) so far it concerns the members of the holding Company and not dealt with in the books of account of the holding Company	Profit/(loss) so far it concerns the members of the holding Company and dealt with in the books of account of the holding Company
Indostar Asset Advisory Private Limited	31 March 2014	10,000	100%	41,736	Nil

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

Vimal Bhandari

Vimal Bhandari
MD & CEO

Rajesh Mehta

Rajesh Mehta
Director

Pankaj Thapar

Pankaj Thapar
Chief Financial Officer

Jitendra Bhatti

Jitendra Bhatti
Company Secretary

Mumbai
May 22, 2014



IndoStar Capital Finance Private Limited

**Information pursuant to Part IV of Schedule VI of the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. REGISTRATION DETAILS		
Registration no.		U51909WB2009PTC136998
State code no.		21
Balance Sheet date		31-Mar-14
II. CAPITAL RAISED DURING THE YEAR (Amounts in Rs. Thousands)		
Public issue (issue through the prospectus)		Nil
Right issue		Nil
Bonus issue		Nil
Private placement		Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amounts in Rs. Thousands)		
Total liabilities (including current liabilities and provisions)		31,608,017
Total assets (excluding current liabilities and provisions)		31,608,017
Sources of Funds :		
Paid-up capital		683,227
Reserves and surplus		10,673,292
Secured loans		17,313,437
Unsecured loans		1,668,424
Deferred tax liability		Nil
Application of Funds :		
Net fixed assets		10,854
Investments		608,500
Deferred tax asset		81,303
Net current assets		29,637,724
Miscellaneous expenditure		Nil
IV. PERFORMANCE OF COMPANY (Amounts in Rs. Thousands)		
Turnover		3,969,046
Total expenditure		2,276,544
Profit before tax		1,692,503
Profit/(Loss) after tax		1,121,362
Basic and diluted earning per share in Rs.		16.34
Dividend rate in %		Nil
V. GENERIC NAME OF PRINCIPAL PRODUCT/ SERVICES OF COMPANY (As per monetary terms)		
Item code no.		801
Product description		Non-Banking Financial Business (NBFC- LENDING ACTIVITY)

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



Vimal Bhandari
MD & CEO



Rajesh Mehta
Director



Pankaj Thapar
Chief Financial Officer



Jitendra Bhati
Company Secretary

Mumbai
May 22, 2014

