

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, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required



and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, 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 except as given in para g (iv) below;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 26 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided disclosures in Note 35 in the financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding to the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the



S.R. BATLIBOI & CO. LLP

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management. However, as stated in note 35 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with 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 12, 2017



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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits 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, income-tax, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees' state insurance, sales-tax, duty of custom, duty of excise, value added tax are not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (vii)(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.



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Chartered Accountants

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of debentures, commercial papers and term loans for the purposes for which they were raised.
- (x) We have been informed that one borrower of the Company has committed fraud amounting to Rs. 208.76 lakhs during the year under audit. Investigations are in progress and police complaint has been lodged against the borrower and an amount of Rs. 41.08 lakhs have been recovered from the borrower.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares/ fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For

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



per **Jayesh Gandhi**
Partner
Membership Number: 37924
Place of Signature: Mumbai
Date: May 12, 2017



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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of INDOSTAR CAPITAL FINANCE LIMITED

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 12, 2017



INDOSTAR CAPITAL FINANCE LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

(Amount in Rupees)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	78,36,17,990	73,35,44,290
(b) Reserves and surplus	4	18,22,05,37,844	14,67,86,68,200
		19,00,41,55,834	15,41,22,12,490
(2) Non-current liabilities			
(a) Long-term borrowings	5	19,10,61,20,313	17,58,86,58,160
(b) Other Long term liabilities	6	7,23,70,201	10,26,78,687
(c) Long term provisions	7	26,94,81,205	14,61,39,655
		19,44,79,71,719	17,83,74,76,502
(3) Current liabilities			
(a) Short-term borrowings	8	7,86,55,05,788	4,99,41,61,851
(b) Trade payables (Refer note 28)		3,45,29,211	3,05,44,690
(c) Other current liabilities	6	8,34,40,23,688	8,59,11,18,280
(d) Short-term provisions	7	15,74,59,179	5,72,19,983
		16,40,15,17,866	13,67,30,44,804
Total		54,85,36,45,419	46,92,27,33,796
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		6,91,67,569	3,01,28,421
(ii) Intangible assets		1,87,92,388	28,75,903
(iii) Capital work in progress		-	44,25,799
(b) Non-current investments	10	73,04,11,205	10,01,00,000
(c) Deferred tax assets (net)	11	16,36,54,547	10,30,24,270
(d) Long term loans and advances	12	39,31,78,62,734	30,97,71,53,429
		40,29,98,88,443	31,21,77,07,822
(2) Current assets			
(a) Cash and bank balances	14	54,42,34,974	3,49,59,18,478
(b) Current investments	15	1,23,93,71,782	-
(c) Short-term loans and advances	12	12,26,23,54,541	11,85,31,29,179
(d) Other current assets	13	50,77,95,679	35,59,78,317
		14,55,37,56,976	15,70,50,25,974
Total		54,85,36,45,419	46,92,27,33,796

Significant Accounting Policies

2.1

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

As per our report of even date

For S R Batliboi & Co LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants



per Jayesh Gandhi

Partner

Membership No. 37924



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



R. Sridhar

Executive Vice-Chairman & CEO

DIN: 00136697



Dhanpal Jhaveri

Director

DIN: 02018124



Pankaj Thapar

Chief Financial Officer



Jitendra Bhati

Company Secretary

Place: Mumbai

Date: May 12, 2017

Place: Mumbai

Date: May 12, 2017



INDOSTAR CAPITAL FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rupees)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	16	7,14,80,17,778	6,41,32,45,001
Other income	17	74,02,030	5,39,128
Total		7,15,54,19,808	6,41,37,84,129
Expenditure			
Employee benefit expenses	18	47,78,86,682	39,45,01,996
Finance cost	19	3,11,84,94,881	2,89,25,90,633
Depreciation and amortisation	9	1,87,43,305	51,16,291
Other expenses	20	21,27,64,090	16,47,51,080
Provisions for standard assets and NPA	21	12,32,80,817	3,38,18,664
Total		3,95,11,69,775	3,49,07,78,664
Profit before taxation		3,20,42,50,033	2,92,30,05,465
Provision for taxation			
Current tax		1,17,45,02,169	1,03,07,02,387
Deferred tax		(6,06,30,277)	(1,78,52,461)
Total tax expense		1,11,38,71,892	1,01,28,49,926
Net profit after taxes		2,09,03,78,141	1,91,01,55,539
Earnings per share	22		
Basic (Rs.)		28.45	26.66
Diluted (Rs.)		26.09	26.33
Nominal value of equity share (Rs.)		10	10

Significant Accounting Policies

2.1

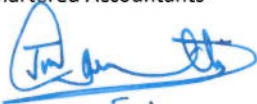
The notes referred to above form an integral part of the financial statements.

As per our report of even date

For S R Batliboi & Co LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants



per Jayesh Gandhi

Partner

Membership No. 37924



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



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Executive Vice-Chairman & CEO

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Director

DIN: 02018124



Pankaj Thapar

Chief Financial Officer



Jitendra Bhati

Company Secretary

Place: Mumbai

Date: May 12, 2017

Place: Mumbai

Date: May 12, 2017



INDOSTAR CAPITAL FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. Cash flow from operating activities		
Profit before taxes	3,20,42,50,033	2,92,30,05,465
Depreciation and amortisation	1,87,43,305	51,16,291
Loss / (profit) on sale of fixed assets (net)	85,501	21,409
Provisions for non performing assets	8,78,24,670	6,15,025
Provisions for standard assets	3,54,56,147	3,32,03,639
Provision for gratuity	21,29,200	8,40,733
Provision for leave encashment	11,25,008	7,52,547
Operating profit before working capital changes	3,34,96,13,864	2,96,35,55,109
Movements in working capital:		
Increase / (decrease) in trade payables	39,84,521	1,12,45,566
Increase / (decrease) in other liabilities	(27,74,03,078)	1,40,37,74,264
(*Increase) / Decrease in loans and advances	(8,74,99,39,017)	(8,90,92,22,034)
(*Increase) / Decrease in other assets	(15,18,17,362)	14,35,77,345
Cash generated from operations	(5,82,55,61,072)	(4,38,70,69,750)
Direct taxes paid (net of refunds)	(1,07,74,56,444)	(1,04,01,72,526)
Net cash flow from / used in operating activities (A)	(6,90,30,17,516)	(5,42,72,42,276)
B. Cash flows from investing activities		
Purchase of fixed including intangible assets	(6,94,24,823)	(2,94,32,753)
Increase in Capital work in progress	-	(44,25,799)
Proceeds from sale of fixed assets	70,529	2,359
Investment in subsidiary	-	(10,00,00,000)
Investment in Preference Shares	(3,99,75,250)	-
Investment in Pass through certificates	(90,90,91,390)	-
Repayments from fixed income debt instruments	-	54,60,00,000
Investments in Mutual Fund units	(92,06,16,347)	-
Bank deposits (having original maturity of more than three months)(net)	-	2,65,50,00,000
Net cash used in investing activities (B)	(1,93,90,37,281)	3,06,71,43,807
C. Cash Flows from financing activities		
Proceeds from issue of Equity Share Capital	5,00,73,700	4,98,93,893
Proceeds from Securities Premium on issue of Equity Share Capital	1,45,14,91,503	59,94,52,845
Forfeiture of Equity Shares	-	43,038
Amount raised from short term borrowings	2,87,13,43,937	1,55,49,46,026
Term loans from banks	21,84,42,472	2,34,41,979
Amount received on issue of NCDs	1,29,90,19,681	1,42,68,58,584
Net cash from financing activities (C)	5,89,03,71,293	3,65,46,36,365
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(2,95,16,83,504)	1,29,45,37,896
Cash and Cash Equivalents at the beginning of the year	3,41,59,18,478	2,12,13,80,582
Cash and Cash Equivalents at the end of the year	46,42,34,974	3,41,59,18,478
Components of Cash and Cash Equivalents	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash and Cash Equivalents at the end of the year		
i) Cheque on hand	-	4,16,569
ii) Cash on hand	24,586	50,540
ii) Balances with scheduled banks in:		
Current accounts	46,42,10,388	93,99,51,369
Deposits with original maturity of less than three months	-	2,47,55,00,000
Total cash and cash equivalents	46,42,34,974	3,41,59,18,478

As per our report of even date

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

per Jayesh Gandhi
Partner
Membership No. 37924



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

R. Sridhar

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

Dhanpal Jhaveri
Director
DIN: 02018124

Pankaj Thapar

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 12, 2017

Place: Mumbai
Date: May 12, 2017



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information

IndoStar Capital Finance Limited ('the Company') was incorporated on 21st July 2009. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-13.02109. The Company is primarily engaged in 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 and the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1 Significant Accounting Policies

(a) Presentation and disclosure of financial statements

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

(b) Use of estimates

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

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

Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use.

Depreciation on tangible fixed assets

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

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

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

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

Intangible assets

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

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

(d) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. 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 150 days to 120 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 and expenses recoverable, as reduced by the amounts received up to the balance sheet date.
- (g) **Leases**
Where the Company is the lessee
 Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss account on a straight-line basis over the lease term.
- (h) **Foreign currency translation**
Initial recognition
 Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.
Conversion
 Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.
Exchange differences
 All exchange differences are dealt with in the Statement of profit and loss account.
- (i) **Revenue recognition**
 Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- i. Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
 - ii Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
 - iii Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
 - iv Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
 - v Dividend is recognised as income when right to receive payment is established.
 - vi Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
 - vii Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
 - viii Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.
- (j) **Retirement and other employee benefits**
Provident Fund
 All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.
Gratuity
 The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.
Leave Encashment
 Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.
 Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.
- (k) **Income tax**
 Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
 The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- (l) **Segment reporting**
 The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.
- (m) **Earnings per share**
 Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.
 For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



- (n) **Provisions**
A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (o) **Cash and cash equivalents**
Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit.
- (p) **Borrowing costs**
Borrowing cost includes interest and are charged to the Statement of Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.
- (q) **Employee stock compensation costs**
Measurement and disclosure of the employee share-based payment plans is done in accordance with 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.



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 3- Share capital

(Amount in Rupee:)

Particulars	As at March 31, 2017	As at March 31, 2016
Authorised 9,00,00,000 (March 31, 2016: 8,00,00,000) Equity Shares of Rs.10/- each	90,00,00,000	80,00,00,000
	90,00,00,000	80,00,00,000
Issued & Subscribed Equity Shares 78,361,799 (March 31, 2016: 73,354,429) equity shares of Rs. 10/- each fully paid up	78,36,17,990	73,35,44,290
Total	78,36,17,990	73,35,44,230

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Numbers of shares	Amount in Rupees	Numbers of shares	Amount in Rupees
Shares outstanding at the beginning of the year	7,33,54,429	73,35,44,290	7,76,58,197	68,62,89,853
Issued during the year	50,07,370	5,00,73,700	-	-
	7,83,61,799	78,36,17,990	7,76,58,197	68,62,89,853
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share	-	-	-	4,72,97,475
Less: 4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money	-	-	(43,03,768)	(43,038)
Shares outstanding at the end of the year	7,83,61,799	78,36,17,990	7,33,54,429	73,35,44,290

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, 2017		As at March 31, 2016	
	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)	7,11,02,635	90.74	7,13,69,635	97.30

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

d. Shares reserved for issue under options

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



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 4- Reserves and Surplus

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Securities Premium Account		
Balance as per last account	8,79,52,66,108	8,22,71,28,268
Add: Received during the period	1,45,14,91,503	56,81,37,840
(Less) / Add : Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	-	-
Closing balance	10,24,67,57,611	8,79,52,66,108
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	1,19,10,45,902	80,90,14,794
Add: Transfer from surplus balance in statement of profit and loss	41,80,75,628	38,20,31,108
Closing balance	1,60,91,21,530	1,19,10,45,902
Capital Reserve (4,303,768 shares Rs.0.01 paid up per share forfeited on non-payment of call money and amount received transferred)	43,038	43,038
Closing balance	43,038	43,038
Surplus in Statement of profit and loss		
Balance as per last account	4,69,23,13,152	3,16,41,88,721
Add: Profit for the current year	2,09,03,78,141	1,91,01,55,539
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(41,80,75,628)	(38,20,31,108)
Net surplus in the statement of profit and loss	6,36,46,15,665	4,69,23,13,152
Total	18,22,05,37,844	14,67,86,68,200



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 5 - Long term borrowings

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,81,49,36,127	4,83,90,44,441	9,59,64,93,655	4,92,57,19,985
Redeemable non convertible debentures				
Secured	9,29,11,84,186	1,92,22,73,237	7,99,21,64,505	2,50,00,00,000
Less: transferred to Other liabilities	-	(6,76,13,17,678)	-	(7,42,57,19,985)
Total	19,10,61,20,313	-	17,58,86,58,160	-

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks:

Particulars - Bank Name	Rate of Interest	Repayment details	As at March 31, 2017		As at March 31, 2016	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited - TL II	>=8.75%<10.75%	13-Quarterly repayments	-	-	15,38,46,154	30,76,92,308
Axis Bank Limited - TL III	>=8.75%<10.75%	13-Quarterly repayments	-	-	24,61,53,846	12,30,76,924
Bank of Baroda Limited	>=8.75%<10.75%	16-Quarterly repayments	-	25,00,00,000	25,00,00,000	25,00,00,000
Bank of Baroda Limited - TL II	>=8.75%<10.75%	20-Quarterly repayments	30,00,00,000	20,00,00,000	50,00,00,000	20,00,00,000
Bank of India Limited	>=8.75%<10.75%	16-Quarterly repayments	-	37,50,00,000	37,50,00,000	37,50,00,000
Canara Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	33,36,00,000
Canara Bank Limited - TL II	>=8.75%<10.75%	8 - Half yearly repayments	43,75,00,000	6,25,00,000	-	-
Corporation Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	5,00,00,000
Corporation Bank Limited - TL II	>=8.75%<10.75%	9 - Half yearly repayments	13,33,33,335	6,66,66,666	20,00,00,001	6,66,66,666
Dena Bank	>=8.75%<10.75%	8 - Half yearly repayments	37,50,00,000	12,50,00,000	15,00,00,000	-
Dena Bank - TL II	>=8.75%<10.75%	8 - Half yearly repayments	43,75,00,000	6,25,00,000	-	-
Federal Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	8,33,33,332
Federal Bank Limited - TL II	>=8.75%<10.75%	12-Quarterly repayments	-	-	2,49,96,668	3,33,33,332
Federal Bank Limited - TL III	>=8.75%<10.75%	12-Quarterly repayments	33,33,33,332	26,66,66,668	-	-
ICICI Bank Limited - II	>=8.75%<10.75%	10-Quarterly repayments	-	30,00,00,000	30,00,00,000	40,00,00,000
IDBI Bank Limited	>=8.75%<10.75%	18 - Quarterly repayments	24,99,99,998	11,11,11,112	36,11,11,110	11,11,11,112
IDBI Bank Limited - II	>=8.75%<10.75%	16-Quarterly repayments	43,75,00,000	6,25,00,000	-	-
Indian Overseas Bank Limited	>=8.75%<10.75%	18-Quarterly repayments	22,22,22,221	22,22,22,223	44,44,44,444	22,22,22,223
IndusInd Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	7,50,00,000
IndusInd Bank Limited - TL II	>=8.75%<10.75%	10-Quarterly repayments	-	-	3,00,00,000	12,00,00,000
ING Vysya Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	4,16,66,667
ING Vysya Bank Limited - TL III	>=8.75%<10.75%	20-Quarterly repayments	37,50,00,000	20,00,00,000	57,50,00,000	20,00,00,000
Indian Bank	>=8.75%<10.75%	8 - Half yearly repayments	25,00,00,000	-	-	-
Kotak Mahindra Bank Limited - TL II	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	8,33,33,334
Kotak Mahindra Bank Limited - TL III	>=8.75%<10.75%	16-Quarterly repayments	18,75,00,000	25,00,00,000	43,75,00,000	25,00,00,000
Kotak Mahindra Bank Limited - TL IV	>=8.75%<10.75%	16-Quarterly repayments	56,25,00,000	25,00,00,000	-	-
Punjab National Bank Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	13,33,36,924
Punjab National Bank Limited - II	>=8.75%<10.75%	16-Quarterly repayments	34,37,50,000	13,75,00,000	48,12,50,000	6,87,50,000
SIDBI	>=8.75%<10.75%	20-Quarterly repayments	1,20,00,00,000	30,00,00,000	-	-
South Indian Bank Limited	>=8.75%<10.75%	18-Quarterly repayments	11,11,11,120	5,55,55,552	16,66,66,672	5,55,55,552
South Indian Bank - II	>=8.75%<10.75%	16-Quarterly repayments	17,18,75,000	6,25,00,000	23,43,75,000	1,56,25,000
State Bank of Bikaner and Jaipur Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	16,425	16,66,66,667
State Bank of Bikaner and Jaipur Limited - II	>=8.75%<10.75%	8 - Half yearly repayments	56,25,00,000	18,75,00,000	75,00,00,000	-
State Bank of Hyderabad Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	8,33,33,279
State Bank of Hyderabad Limited - II	>=8.75%<10.75%	18-Quarterly repayments	61,11,11,121	22,22,22,220	83,33,33,335	16,66,66,665
State Bank of Hyderabad Limited - III	>=8.75%<10.75%	8 - Half yearly repayments	37,50,00,000	12,50,00,000	-	-
State Bank of India Limited - TL II	>=8.75%<10.75%	18-Quarterly repayments	99,99,00,000	44,44,00,000	1,44,43,00,000	44,44,00,000
State Bank of Mysore Limited	>=8.75%<10.75%	12-Quarterly repayments	-	-	-	2,06,50,000
State Bank of Mysore Limited - TL II	>=8.75%<10.75%	9 - Half yearly repayments	24,99,00,000	16,66,00,000	41,65,00,000	16,67,00,000
State Bank of Mysore Limited - TL III	>=8.75%<10.75%	9 - Half yearly repayments	33,32,00,000	11,12,00,000	44,44,00,000	5,56,00,000
State Bank of Patiala - II	>=8.75%<10.75%	9 - Half yearly repayments	55,52,00,000	22,24,00,000	77,76,00,000	22,24,00,000
Total			9,81,49,36,127	4,83,90,44,441	9,59,64,93,655	4,92,57,19,985

Nature of Security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivable of Rs. 25,302,507,900/- (March 2016 Rs. 23,144,053,552/-)

b) Non Convertible Debenture

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

Terms of repayment as on March 31, 2017

Redeemable within	As at March 31, 2017		As at March 31, 2016	
	Rate of interest		Rate of interest	
	>= 0% < 11.55%		>= 0% < 12.25%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
0-12 Months	-	1,92,22,73,237	-	2,50,00,00,000
12-24 Months	4,07,16,76,465	-	1,76,08,36,605	-
24-36 Months	3,56,95,07,721	-	3,73,13,27,900	-
36-48 Months	1,00,00,00,000	-	1,35,00,00,000	-
48-60 Months	50,00,00,000	-	1,00,00,00,000	-
Above 60 Months	15,00,00,000	-	15,00,00,000	-
Total	9,29,11,84,186	1,92,22,73,237	7,99,21,64,505	2,50,00,00,000

Nature of Security:

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

- (i) first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of Rs 11,932,020,000/- (March 2016: Rs 11,654,260,000); and
 - (ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat
2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 6- Other liabilities

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Non-Current	Current	Non-Current	Current
Unamortised fees	7,23,70,201	4,80,48,029	10,26,78,687	7,60,40,637
Interest accrued but not due on loans	-	76,15,03,118	-	74,17,57,195
Current maturities of long term debts (Refer note 5)	-	6,76,13,17,678	-	7,42,57,19,985
Book Overdraft	-	51,08,02,280	-	17,81,11,795
Employee benefits payable	-	16,83,58,844	-	15,37,41,500
Other liabilities (includes statutory liabilities)	-	9,39,93,739	-	1,57,47,168
Total	7,23,70,201	8,34,40,23,688	10,26,78,687	8,59,11,18,280

Note 7- Provisions

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Non-Current	Current	Non-Current	Current
For employee benefit				
For gratuity	22,25,327	17,48,794	4,14,975	14,29,946
For leave encashment and availment	33,37,515	6,77,862	25,89,610	3,00,759
For Others				
For non-performing assets	10,78,24,670	-	2,00,00,000	-
For standard assets	15,60,93,693	5,09,68,235	12,31,35,070	4,84,70,711
For income tax (net of advance tax)	-	10,40,64,288	-	70,18,567
Total	26,94,81,205	15,74,59,179	14,61,39,655	5,72,19,983



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 8- Short term borrowing

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Secured Loan		
Bank overdraft	94,74,72,808	1,08,86,73,837
Unsecured Loan		
Commercial papers		
i) From banks	50,00,00,000	50,00,00,000
ii) Other than banks	6,55,00,00,000	3,50,00,00,000
Less: Unamortised discount	(13,19,67,020)	(9,45,11,986)
	6,91,80,32,980	3,90,54,88,014
Total	7,86,55,05,788	4,99,41,61,851



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 9- Fixed assets

(Amount in Rupees)

Particulars	Tangible Assets					Total	Intangible Assets	Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement		Software	
Gross Block								
As at March 31, 2015	15,05,100	69,60,258	27,15,296	28,93,178	1,64,53,451	3,05,27,283	32,59,044	3,37,86,327
Additions	-	91,46,201	20,16,017	12,80,518	1,53,19,058	2,77,61,794	16,70,959	2,94,32,753
Deletions	-	-	4,25,563	1,39,813	-	5,65,376	-	5,65,376
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
Depreciation								
As at March 31, 2015	-	44,55,561	15,23,293	17,66,539	1,64,53,451	2,41,98,844	8,75,853	2,50,74,697
Additions	-	21,67,348	8,09,531	6,11,450	3,49,715	39,38,044	11,78,247	51,16,291
Deletions	-	-	4,20,424	1,21,184	-	5,41,608	-	5,41,608
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
Net Block								
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
As at March 31, 2016	15,05,100	94,83,550	23,93,350	17,77,078	1,49,69,343	3,01,28,421	28,75,903	3,30,04,324



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 10 - Non-current investments

(Amount in Rupees)

Particulars	As at March 31, 2017			As at March 31, 2016		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Unquoted - Compulsorily Convertible Preference Share GC Web Ventures Private Limited	150	862	3,99,75,250	-	-	-
Non trade (valued at cost unless stated otherwise)						
Investment in wholly owned subsidiaries						
IndoStar Asset Advisory Private Limited (10,000 share of Face value of Rs. 10/- each)	10	10,000	1,00,000	10	10,000	1,00,000
IndoStar Home Finance Private Limited (1,00,00,000 share of Face value of Rs. 10/- each)	10	1,00,00,000	10,00,00,000	10	1,00,00,000	10,00,00,000
Other Investments						
Pass through certificates - Firefinch CV IFMR Capital 2017	1	59,03,35,955	59,03,35,955	-	-	-
Total		60,03,46,817	73,04,11,205		1,00,10,000	10,01,00,000
Aggregate Value of Quoted Investments						
Cost of acquisition			-			-
Market value			-			-



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 11- Deferred tax assets (net)

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	(13,04,539)	29,46,027
Provision for standard assets	7,16,59,992	5,93,89,329
Origination fees unamortised	4,16,74,341	6,17,77,148
Provision for gratuity	13,75,364	6,38,490
Provision for leave encashment	13,89,642	10,00,299
Interest on the NPA Loans not accrued in books	3,20,73,135	-
Provision for non performing assets	3,73,15,962	69,21,600
Total (A)	18,41,83,897	13,26,72,893
Deferred tax liability created during the year		
Borrowing costs unamortised	(2,05,29,350)	(2,96,48,623)
Total (B)	(2,05,29,350)	(2,96,48,623)
Net deferred tax asset (A-B)	16,36,54,547	10,30,24,270



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 12- Loans and advances

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	2,55,07,954	-	1,90,92,566	-
Secured, considered good				
Hypothecation loans	22,60,27,78,828	3,15,65,85,191	17,88,10,82,511	4,51,44,88,179
Debentures	14,01,39,86,170	2,64,88,94,750	12,90,26,75,148	1,45,26,25,594
Short term loans	-	-	-	1,00,00,00,000
Secured, considered doubtful				
Hypothecation loans	72,73,35,794	-	10,00,00,000	-
Unsecured, considered good				
Hypothecation loans	-	75,00,00,000	-	-
Debentures	1,90,00,00,000	65,00,00,000	-	-
Short term loans	-	5,00,00,00,000	-	4,80,00,00,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	1,35,52,173	-	3,55,01,169
Prepaid expenses	4,82,53,988	4,10,93,305	7,43,03,204	4,87,52,271
Service tax (Including Input credit)	-	22,29,122	-	17,61,966
Total	39,31,78,62,734	12,26,23,54,541	30,97,71,53,429	11,85,31,29,179

Note 13- Other current assets

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued but not due on loans	-	50,64,37,790	-	35,07,74,068
Interest accrued on fixed deposits with banks	-	13,57,889	-	52,04,249
Total	-	50,77,95,679	-	35,59,78,317



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Notes 14- Cash and bank balances

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
i) Cash on hand	24,586	50,540
ii) Balances with scheduled banks in:		
Current accounts	46,42,10,388	93,99,51,369
Deposits with original maturity of less than three months	-	2,47,55,00,000
iii) Cheque on hand	-	4,16,569
Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	8,00,00,000	8,00,00,000
Total	54,42,34,974	3,49,59,18,478



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 15 - Current investments

(Amount in Rupees)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Quantity	Amount	Quantity	Amount
Investments in Mutual funds: (At Net Asset Value)				
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	-	-
Total		1,23,93,71,782		-



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 16- Revenue from operations

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on:		
- Loan portfolio and related charges	6,32,01,67,059	5,34,50,95,632
- Deposits with banks	10,69,64,119	23,52,33,099
- Investments in PTCs	22,05,963	-
- Fixed income debt instruments	-	6,20,85,818
Other financial services:		
- Origination fees	67,37,45,817	68,12,93,336
- Syndication & other fees	4,45,55,058	8,95,37,116
- Gain on sale of loan assets	3,79,762	-
Total	7,14,80,17,778	6,41,32,45,001

Note 17- Other income

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend income	24,19,511	5,37,221
Profit on Sale of Investments	36,96,979	-
Miscellaneous income	12,85,540	1,907
Total	74,02,030	5,39,128

Note 18- Employee benefit expenses

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, other allowances and bonus	46,12,22,559	38,36,73,813
Gratuity expenses	33,79,200	8,40,733
Leave encashment	16,01,969	8,21,401
Contribution to provident and other funds	88,20,780	70,61,065
Staff welfare expenses	28,62,174	21,04,984
Total	47,78,86,682	39,45,01,996

Note 19- Finance cost

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense on		
Debtentures	1,15,11,45,848	97,11,08,012
Deposits from clients	-	11,16,386
Loans from banks	1,55,54,98,046	1,60,87,01,293
Commercial paper	31,53,54,966	22,56,49,689
Other borrowing costs		
Processing charges on loans	4,47,77,143	5,03,73,481
Bank charges & other related costs	5,17,18,878	3,56,41,772
Total	3,11,84,94,881	2,89,25,90,633



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 20- Other expenses

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	3,91,22,235	2,32,02,144
Rates & taxes	38,53,293	70,71,660
Printing and stationery	13,22,421	10,08,966
Travelling & conveyance	84,27,422	74,48,621
Advertisement	5,81,613	5,21,447
Business Promotion	26,01,314	24,53,734
Conference charges	59,146	3,51,604
Commission & brokerage	4,81,48,161	2,75,55,862
Office expenses	2,22,41,804	2,05,02,189
Directors' sitting fees	21,56,050	48,78,483
Insurance	21,54,650	15,26,366
Communication expenses	35,90,195	21,40,919
Payment to auditor		
- Audit fees	41,88,233	36,01,306
- Tax audit fees	3,76,250	3,21,750
- Certification	5,37,500	3,48,563
Loss on sale of loan assets	-	78,95,700
CSR expenses	1,63,90,052	1,25,00,000
Legal & professional charges	5,45,46,838	3,90,96,152
Loss on sale of fixed assets (net)	85,501	21,409
Membership & subscriptions	23,81,412	23,04,205
Total	21,27,64,090	16,47,51,080

Note 21- Provisions for standard assets and NPA

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provision for standard assets	3,54,56,147	3,32,03,639
Provision for non-performing assets	8,78,24,670	6,15,025
Total	12,32,80,817	3,38,18,664



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 22- Earnings per share

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit after tax as per Statement of profit and loss (Amount in Rupees) (A)	2,09,03,78,141	1,91,01,55,539
Weighted average number of equity shares for calculating Basic EPS (B)	7,34,81,031	7,16,41,552
Weighted average number of equity shares for calculating Diluted EPS (C)	8,01,19,592	7,25,33,552
Basic earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (B)	28.45	26.66
Diluted earnings per equity share (in Rupees) (Face value of Rs. 10/- per share) (A) / (C)	26.09	26.33

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares for calculating Basic EPS	7,34,81,031	7,16,41,552
Add: Weighted number of equity shares under options	66,38,561	8,92,000
Weighted average number of equity shares in calculating Diluted EPS	8,01,19,592	7,25,33,552



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

(Amount in Rupees)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	14,29,946	14,96,619
Interest cost on benefit obligation	3,89,148	3,17,318
Expected return on plan assets	(3,01,012)	(3,33,616)
Net actuarial (gain) / loss recognised in the year	8,61,118	(6,39,588)
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	-
Net benefit expense	23,79,200	8,40,733

Balance sheet

Details of Provision for gratuity

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	(65,86,932)	(51,87,432)
Fair value of plan assets	26,12,811	33,42,511
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(39,74,121)	(18,44,921)

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

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Opening defined benefit obligation	51,87,432	40,77,761
Interest cost	3,89,148	3,17,318
Current service cost	14,29,946	14,96,619
Benefits paid	(12,50,000)	-
Actuarial (gains) / losses on obligation	8,30,406	(7,04,266)
Closing defined benefit obligation	65,86,932	51,87,432

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

Particulars	As at March 31, 2017	As at March 31, 2016
Investments with insurer	26,12,811	33,42,511

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

Particulars	As at March 31, 2017	As at March 31, 2016
Discount Rate	7.10%	7.80%
Increase in compensation cost	6.00%	6.00%

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.

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

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	65,86,932	51,87,432	40,77,761	22,77,797	20,19,308
Plan assets	26,12,811	33,42,511	30,73,573	20,15,432	14,15,180
Surplus / (deficit)	(39,74,121)	(18,44,921)	(10,04,188)	(2,62,365)	(6,04,128)
Experience adjustments on plan liabilities	5,39,056	(16,82,888)	26,861	(6,32,462)	(2,08,423)
Experience adjustments on plan assets	30,712	64,678	30,626	12,284	49,041



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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; 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 2017, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme 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 three schemes viz. ESOP Plan 2012, ESOP Plan 2016 and ESOP Plan 2016 II in their Meetings held on 20 June 2012, 11 April 2016 and 21 September 2015 respectively. According to the Schemes, the employees 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	5 years
Exercise period	4 years from the date of vesting	5 years
Expected life	5 years	5 years
Market price	NIL	

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

Particulars	ESOP Plan 2012		ESOP Plan 2012		ESOP Plan 2012		ESOP Plan 2016		ESOP Plan 2016		ESOP Plan 2016		ESOP Plan 2016	
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche II	Tranche I	Tranche II	Tranche III	Tranche II
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14	16-May-16	16-May-16	16-May-16	16-May-16	19-Oct-16	04-Nov-16	22-Mar-17	22-Mar-17	22-Mar-17
Number of option granted	2,03,000	1,00,000	20,000	10,000	6,66,000	6,02,254	24,98,036	15,000	25,000	23,70,000	20,000	1,50,000	3,67,000	
Number of option exercised	3,400	200	-	-	470	-	-	-	-	-	-	-	-	
Number of option cancelled	37,700	-	20,000	10,000	38,700	-	2,87,259	-	-	10,000	-	-	-	
Number of option outstanding	1,61,900	99,800	-	-	6,26,830	6,02,254	22,10,777	15,000	25,000	23,60,000	20,000	1,50,000	3,67,000	
Weighted average remaining contractual life (in years)	3.5	4.0	NA	NA	5.0	3.0	3.0	5.0	3.5	5.0	5.0	5.0	5.0	
Weighted average fair value of options granted (Rs)	99.63	102.52	91.11	92.16	105.67	82.87	82.87	108.11	90.32	119.65	119.91	139.36	139.36	
Weighted Average Exercise Price (Rs)	140.00	145.10	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	

The range of exercise prices for options outstanding at the end of the year was Rs 140.00 to Rs 300.00 (31 March 2016: Rs 140.00 to Rs 149.37).

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

Particulars	ESOP Plan 2012		ESOP Plan 2012		ESOP Plan 2012		ESOP Plan 2016		ESOP Plan 2016		ESOP Plan 2016		ESOP Plan 2016	
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche II	Tranche I	Tranche II	Tranche III	Tranche II
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733	0.4300	0.4300	0.4200	0.4300	0.4200	0.4200	0.4200	0.4200	0.4200
Risk-free interest rate	8%	8%	8%	8%	8%	7.39%	7.39%	7.64%	7.44%	6.83%	6.88%	6.96%	6.96%	6.96%
Weighted average share price (Rs)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Exercise price (Rs)	140.00	145.00	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	300.00
Expected life of options granted in years	4	4	4	NA	5	3	3	5	4	5	5	5	5	5

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

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after tax as reported	2,09,05,76,141	1,91,01,55,539
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	16,60,09,820	4,31,66,392
Proforma profit after tax	1,92,45,66,321	1,86,69,89,147
Earnings Per Share		
Basic	28.45	26.66
- As reported	26.19	26.06
Diluted	26.09	26.33
- As reported	24.02	25.73



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 25 - Related party disclosure

Names of related parties and related party relationships

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

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

(Amount in Rupees)

Name of related party & nature of relationship	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Key managerial personnel			
Vimal Bhandari	Investment in share capital	-	68,55,138
	Securities premium	-	8,23,44,000
	Remuneration paid*	3,34,63,652	4,84,87,993
	Expenses reimbursed	6,91,660	6,59,267
Shailesh Shirali	Investment in share capital	-	2,30,53,843
	Securities premium	-	27,69,23,040
	Remuneration paid*	5,21,39,372	4,89,97,036
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Reimbursement of expenses	56,64,378	90,33,390
	Loans and Advances (Net)	2,11,17,767	1,17,03,477
IndoStar Home Finance Private Limited	Investment in subsidiary	-	10,00,00,000

*include bonus on accrual basis

II. Balance as at period end

(Amount in Rupees)

Name of related party & nature of relationship	Particulars	As at March 31, 2017	As at March 31, 2016
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	71,10,26,350	71,36,96,350
	Securities premium	8,53,23,16,200	8,56,43,56,200
Key managerial personnel			
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	59,69,150
	Securities premium	3,16,33,800	7,16,29,800
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	1,00,000	1,00,000
	Reimbursement of expenses	56,64,378	2,11,17,767
IndoStar Home Finance Private Limited	Investment in subsidiary	10,00,00,000	10,00,00,000



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 26- Contingent liabilities and Commitments

(Amount in Rupees)

Capital and other commitments	As at March 31, 2017	As at March 31, 2016
Corporate guarantee given by Company to banks	62,90,80,000	-
Estimated amount of contracts remaining to be executed on capital account	-	1,83,47,580
Pending Litigation with Income Tax Authorities	-	2,55,032
Loans sanctioned not yet disbursed	3,12,44,04,852	3,39,25,30,921

Note 27- Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 38,710,044 (March 31, 2016: Rs. 2,32,02,144). The non-cancellable operating lease agreements are for a period of 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
Minimum Lease Payments:		
Not later than one year	5,22,70,004	3,49,97,101
Later than one year but not later than five years	16,91,09,622	14,15,24,393
Later than five years	-	61,67,535

Note 28 - 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, 2017	As at March 31, 2016
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Note 29 - Capital to Risk Assets Ratio Disclosure

Particulars	As at March 31, 2017	As at March 31, 2016
(i) CRAR (%)	33.8	34.2
(ii) CRAR – Tier I capital (%)	33.4	33.8
(iii) CRAR – Tier II capital (%)	0.4	0.4
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 30- Asset liability management

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Liabilities:								
Borrowings from banks	1,18,35,72,815	24,37,50,000	55,06,94,444	1,34,52,27,777	2,46,32,72,220	7,38,48,66,672	2,43,00,69,449	-
Market borrowings	1,89,43,52,447	2,30,44,21,291	1,23,76,64,212	2,53,50,13,181	86,88,55,068	7,64,11,84,203	1,50,00,00,000	15,00,00,000
Assets:								
Loans & advances	1,71,31,68,625	4,59,60,116	3,15,50,34,768	2,39,32,49,859	4,58,18,30,875	24,61,25,87,674	7,11,41,07,212	7,83,36,41,604
Investments	1,00,71,88,986	7,30,29,015	7,73,07,545	22,74,86,304	26,91,83,930	17,54,95,610	-	14,00,91,597

(Amount in Rupees)



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 31- Exposure to real estate sector

(Amount in Rupees)

Category	As at March 31, 2017	As at March 31, 2016
Direct exposure		
A		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakhs may be shown separately)	4,35,65,67,443	2,19,55,54,110
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;	20,71,04,04,494	17,20,10,92,761
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures - Residential -Commercial Real Estate	Nil Nil Nil	Nil 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- Exposure to capital market

(Amount in Rupees)

	As at March 31, 2017	As at March 31, 2016
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;	1,80,00,00,000	2,35,00,00,000
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)	-	-



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

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

(Amount in Rupees)

		As at March 31, 2017	As at March 31, 2016
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	8,78,24,670	6,15,025
3	Provision made towards Income tax	1,17,45,02,169	1,03,07,02,387
4	Other Provision and Contingencies	-	-
5	Provision for Standard Assets	3,54,56,147	3,32,03,639

II - Concentration of Advances

(Amount in Rupees)

		As at March 31, 2017	As at March 31, 2016
1	Total Advances to twenty largest borrowers	31,09,02,93,457	26,15,77,76,339
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	60.4%	61.3%

III - Concentration of Exposures

(Amount in Rupees)

		As at March 31, 2017	As at March 31, 2016
1	Total Exposure to twenty largest borrowers /customers	35,82,51,22,699	31,02,97,31,437
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	63.6%	65.3%

IV - Concentration of NPAs

(Amount in Rupees)

		As at March 31, 2017	As at March 31, 2016
1	Total Exposure to top four NPA accounts	72,73,35,794	10,00,00,000

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

		As at March 31, 2017	As at March 31, 2016
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	1.5%	0.6%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

VI - Movement of NPAs

(Amount in Rupees)

		As at March 31, 2017	As at March 31, 2015
	Net NPAs to Net Advances (%)	1.2%	0.2%
	Movement of NPAs (Gross)		
	Opening balance	10,00,00,000	19,38,49,747
	Additions during the year	62,73,35,794	8,00,00,000
	Reductions during the year	-	17,38,49,747
	Closing balance	72,73,35,794	10,00,00,000
	Movement of Net NPAs		
	Opening balance	8,00,00,000	17,44,64,772
	Additions during the year	53,95,11,124	7,20,00,000
	Reductions during the year	-	16,64,64,772
	Closing balance	61,95,11,124	8,00,00,000
	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	2,00,00,000	1,93,84,975
	Provisions made during the year	8,78,24,670	2,73,84,975
	Write-off / write-back of excess provisions	-	2,67,69,950
	Closing balance	10,78,24,670	2,00,00,000

VII - Customer Complaints

		As at March 31, 2017
1	No. of complaints pending at the beginning of the year	NIL
2	No. of complaints received during the year	13
3	No. of complaints redressed during the year	13
4	No. of complaints pending at the end of the year	NIL



INDOSTAR CAPITAL FINANCE LIMITED
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VIII - Investments

(Amount in Rupees)

Particulars		As at March 31, 2017	As at March 31, 2016
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	1,96,97,82,987	10,01,00,000
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
(b) Outside India	-	-	
(iii) Net Value of Investments			
(a) In India	1,96,97,82,987	10,01,00,000	
(b) Outside India	-	-	
2	Movement of provisions held towards depreciation on investments		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off/ write-back of excess provision during the year	-	-
(iv)	Closing balance	-	-

IX - Registration obtained from other financial sector regulators : None

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

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

X - Details of financing of parent company products : None

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

XII - Draw down from reserves : None

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

Sr. No.	Instrument	Credit Rating Agency	As at March 31, 2017	As at March 31, 2016
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- Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(Amount in Crores)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on March 31, 2017		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on March 31, 2017 with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on March 31, 2017 with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
1	107.80	-	-	-	-	-	107.80	-

Note 35- Disclosures Pursuant to the MCA Notification dated March 30, 2017

Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as provided in the Table below:-

(Amount in Rupees)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	244	244
(+) Permitted receipts	-	3,21,836	3,21,836
(-) Permitted payments	-	(3,16,467)	(3,16,467)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	5,613	5,613

In the ordinary course of business, the loan borrowers of the Company have directly deposited cash amounting to Rs. 14,35,420 as part of their loan repayments in the collection bank accounts of the Company during the period from November 9, 2016 to December 30, 2016. The denomination wise details of which are currently not available with the Company. Accordingly, this amount has not been included in the table above.



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NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017
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Note 36- Previous years comparative

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

As per our report of even date

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



per Jayesh Gandhi
Partner
Membership No. 37924



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



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



Dhanpal Jhaveri
Director
DIN: 02618124



Pankaj Thapar
Chief Financial Officer



Jitendra Bhati
Company Secretary

Place: Mumbai
Date: May 12, 2017

Place: Mumbai
Date: May 12, 2017



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

(Amount in Rupees)

	Particulars	As at March 31, 2017	
		Amount outstanding	Amount overdue
(1)	Liabilities side :		
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debenture : Secured	11,21,34,57,423	-
	: Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	14,65,39,80,568	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	6,91,80,32,980	-
(f) Public Deposits (Refer Note 1 below)	-	-	
(g) Other Loans	94,74,72,808	-	
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding	Amount overdue
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side :		Amount outstanding
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured		43,14,95,80,733
	(b) Unsecured		8,30,00,00,000
(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		92,06,16,347
	(iv) Government Securities		-
	(v) Others: Pass through certificates		31,87,55,435
	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		10,01,00,000	
(b) Preference		3,99,75,250	
(ii) Debentures and Bonds		-	
(iii) Units of mutual funds		-	
(iv) Government Securities		-	
(v) Others: Pass through certificates		59,03,35,955	



INDOSTAR CAPITAL FINANCE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(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
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	43,14,95,80,733	8,30,00,00,000	51,44,95,80,733
(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)
1. Related Parties **			
(a) Subsidiaries	10,01,00,000	10,01,00,000	
(b) Companies in the same group	-	-	
(c) Other related parties	-	-	
2. Other than related parties	1,86,96,82,987	1,86,96,82,987	
(8)	Other information		<i>(Amount in Rupees)</i>
	Particulars	Amount in Rupees	
	(i) Gross Non-Performing Assets		
	(a) Related parties**	-	
(b) Other than related parties	72,73,35,794		
(ii) Net Non-Performing Assets			
(a) Related parties**	-		
(b) Other than related parties	61,95,11,124		
(iii) Assets acquired in satisfaction of debt	-		

Notes :

1. As defined in Paragraph 3 (xv) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016.
2. Provisioning norms shall be applicable as prescribed in the RBI Master Directions, 2016.
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.

